



Daily Report

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Daily Report

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General

DPRK Protests Against U.S. Charges of Terrorism

OW2405142094 Beijing XINHUA in English 1354
GMT 24 May 94

[Text] Pyongyang, May 24 (XINHUA)—A Foreign Ministry spokesman of the Democratic People's Republic of Korea (DPRK) accused the United States today of distorting facts when it described the country as a "terrorist nation."

On May 9, the U.S. State Department had issued an annual report on terrorism in which it called the DPRK a "terrorist nation," according to reports.

The DPRK spokesman said that by accusing his country of being a terrorist nation, the United States was hoping to conceal its own terrorist activities.

He said that the United States is taking advantage of the terrorist issue and current disagreement over the nuclear issue, to malign the DPRK.

The spokesman said that his country opposes any terrorist activity, and does not engage in support to any terrorist activity.

He demanded that the United States improve its own behavior and try to get rid of its own dub-name of "head of terror."

DPRK Lodges Protest Over U.S. Patriot Missiles

OW2405172794 Beijing XINHUA in English 1458
GMT 24 May 94

[Text] Pyongyang, May 24 (XINHUA)—The Democratic People's Republic of Korea (DPRK) is setting up a representative office of the Korean People's Army in Panmunjom as a replacement for its membership of the 40-year-old Korean Military Armistice Commission.

Yu Myong Chol, the first liaison officer of the Korean People's Army at Panmunjom, informed the U.S. side of the Armistice Commission today, according to a report of the official KCNA NEWS SERVICE.

DPRK had suggested to the United States on April 27 that a peace agreement replace the 1953 Armistice Agreement of Korea with a new peace guaranteeing organization replacing the Korean Military Armistice Commission.

General Li Chan Bok will be heading the representative office, and three other officers will assist Li in the office, said the KCNA.

Yu also lodged a protest against the recent deployment by the U.S. of Patriot Missiles in South Korea, and called on the U.S. side to stop all military activities in South Korea.

U.S., Japan To Resume Trade Framework Talks

OW2405172994 Beijing XINHUA in English 1618
GMT 24 May 94

[Text] Washington, May 24 (XINHUA)—The United States and Japan have reached compromise to resume their trade framework negotiations which collapsed in February, the Clinton administration announced today.

The talks, which used to include auto and auto parts, insurance and government procurement, will soon be expanded to cover such areas as financial services and intellectual property, U.S. Trade Representative Mickey Kantor disclosed.

In the forthcoming talks with Tokyo, Washington will still seek "objective criteria" to evaluate progress on trade, although it will no longer seek numerical targets or managed trade, Kantor said.

"We needed qualitative and quantitative criteria, and we were not seeking to manage trade or to seek numerical targets," like quotas, Kantor said. "We have confirmed we are not seeking numerical targets."

Objective criteria, Kantor noted, will provide the basis for deciding if the agreements succeed or fail to meet their purpose to achieve concrete results.

Meanwhile, Kantor stressed, "I think it's fair to say that the two countries are moving forward on the economic area as well as in the strategic and political areas as well."

On February 11, President Clinton and then Japanese Prime Minister Morihiro Hosokawa failed to reach an agreement on the trade framework talks, in which the U.S. wanted to set numerical targets for U.S. sales to Japan.

Kantor stressed that the Clinton administration, in the forthcoming talks, will still seek to substantially increase sales and access to Japanese markets.

'Roundup' Views U.S.-Japan Trade Compromise

OW2505002094 Beijing XINHUA in English 2200
GMT 24 May 94

["Roundup" by Wang Nan: "U.S.-Japan Trade Compromise"]

[Text] Washington, May 24 (XINHUA)—When the U.S. and Japan agreed today to restart trade framework negotiations, their agreement is a fine-print compromise.

More than three months after the collapse of the first talks, it is in the interests of Washington and Tokyo to break the logjam, observers said.

But is the agreement, as officials here stressed, a "firm commitment" towards reducing Japan's trade surplus with America, 60 billion dollars last year?

Today's agreement is the ninth of its kind between Washington and Tokyo in 16 months, following those on apples, rice, copper, chemicals, construction and phones.

The two countries have had 37 trade pacts in the past, though many are not working or working well because, according to the U.S. officials, they are merely process-oriented.

It was last fall that the U.S. and Japan started the framework negotiations on three priority trade areas: Auto and auto parts, insurance, and government procurement of telecommunications and medical equipment.

As Japanese officials maintained, though frequently denied by Washington, the U.S. tried in vain to set numerical targets in the talks and use them to measure the progress Japan made in market access.

The government of then Prime Minister Morihiro Hosokawa found it hard to yield, and after his Washington meeting with U.S. President Bill Clinton on February 11, the framework talks were finally declared dead.

Today's agreement, as explained by U.S. officials, has a few key differences, at least in forms.

Instead of setting numerical targets to measure Japanese trade liberalization, Washington agreed to use "objective criteria", both qualitative and quantitative, as the prerequisite to restart talks.

Meanwhile, unlike last year's agreement which self-imposed a deadline of six months for final talks on priority areas, no deadline can be found in today's compromise.

Moreover, Washington and Tokyo agreed, quite optimistically, to extend their framework talks soon to cover financial services, glass and intellectual property.

The agreement, U.S. Trade Representative Mickey Kantor declared, "shows that (we) can resolve issues and strengthen relationships and boost confidence between the two countries to move in the right direction."

U.S. officials, speaking to reporters today, stressed that the new qualitative and quantitative criteria are only used to measure progress and are never intended to constitute numerical targets or quotas.

In a 1992 agreement, Japan was made to agree that foreign penetration of its semiconductors market should reach 20 percent, a numerical target or quota.

"We were never for (the quotas)," Kantor explained. "We're not doing that in this agreement."

As to quantitative criteria, the number of Japanese auto dealers handling cars built in the U.S., for example, will be measured.

As to qualitative criteria, the degree of cooperation in joint research, development and design between U.S. auto parts suppliers and Japanese car makers, for example, will be measured.

Why not a deadline? "It would be unfortunate, unnecessary and unreasonable to put any particular date on these agreement," Kantor explained. "We'll move quickly, though."

Official on Prospects for Northeast Asia 'Economic Bloc'

*HK2505084694 Beijing CHINA DAILY in English 25
May 94 p 4*

[By Bian Hongwei: "Northeast Asia Building for Economic Bloc After Cold War"]

[Text] Economic co-operation among Northeast Asian countries is facing mixed blessings during the post-Cold War era.

Although huge co-operative potential exists, the so-called regional "economic bloc" still remains just a theory, said Lu Nanquan, secretary general of the China Society of Eastern European and Central Asian Studies.

He made the remark at a recent symposium on co-operation between China and neighbouring Asian countries, in which some 50 scholars took part.

The detente following the 40-year Cold War provides Northeast Asian countries with a solid external atmosphere for economic co-operation, said Lu.

And the development of regional economic blocs in other parts of the world, such as the European Union and North American Free Trade Agreement, provides great inspiration, Lu added.

In the broader sense, Northeast Asia includes Northeast China, Russia's Far East, the Democratic People's Republic of Korea (DPRK), the Republic of Korea (ROK), Japan and Mongolia. Market economies now dominate the region and economic development is the priority here.

Bilateral trade between the neighbouring countries has been active in recent years. For example, the trade volume between China and the ROK reached \$8.9 billion last year, and that between China and Russia totalled \$7.2 billion, up by 24 per cent over the previous year.

Meanwhile, economic co-operation between Japan and Russia, and between the ROK and DPRK, has also seen steady growth.

"These factors form a solid basis for the booming economic co-operation between nations in the region," said Lu.

Potential

Northeast Asia boasts a sound economic foundation and rich national resources, which hold great potential for the further development of the region.

The United Nations Development Programme has decided to invest \$30 billion in the next 20 years in the Tumen River Project, which should give a boost to relations among Northeast Asian countries.

The fact that Northeast Asia includes developed and developing countries facilitates co-operation in capital, technology and natural resources, said Lu, adding that this also provides opportunities for the flow of labour and products.

However, Lu admitted that it was difficult to push into being the theoretically-sound economic bloc.

The Cold War has overshadowed the region for so long and with such an intensity that it is a demanding job to integrate the economic group, Lu said.

Countries of the region are miles apart in political and economic systems, making it hard to eliminate ideological and military conflicts quickly.

He also pointed out that Japan's attitude to creating a new economic nexus is key, as it is the biggest potential investor in the region. Unfortunately, its militant history brings many doubts to further co-operation in the Northeast Asian region.

Economically, Japan is adjusting its strategy, shifting its investment focus from North America and Europe to Asia. Within Asia, Japan's emphasis will move from the Southeast to the Northeast. The adjustment, however, takes time due to the cycle of investment returns, said Lu.

He predicted that economic co-operation in the region will spread from trade to manufacturing and technology, starting with bilateral relations before turning in a multilateral direction.

Small economic co-operative zones will likely emerge first to form a basis for the development of the whole bloc, Lu added.

Another influential power to the booming economic group is the United States, Lu said at the symposium.

Although America is far away from Northeast Asia, it has a great impact in the region, especially on the Korean Peninsula.

Interests

The United States is eager to protect its political and economic interests in the region, which determines its willingness to become involved in projects here, said Lu.

Judith Thornton, a professor with the University of Washington in Seattle, shared Lu's view, saying the U.S. sees itself as an active participant in and beneficiary of Asian economic growth.

Seen from the economic point of view, the American scholar said, U.S. involvement in the Asian-Pacific market stems mainly from the self-interested actions of American exporters and importers, borrowers and investors participating in the fast-growing economic development.

She also pointed out that the potential areas of economic co-operation lie in infrastructure construction, including transport, telecommunications and energy.

Major ports in the region like Dalian, Vladivostok, Nakhodka, and Vostochniy have the potential to serve as a gateway to the heartland of Asia and Siberia.

The Tumen River Project would encourage joint efforts by Russia and China to build transport links. And it is just as likely that expansion of China's transport network will be competitive with the Eurasian Continental Bridge, said Thornton.

A pipeline carrying natural gas from Turkmenistan and Kazakhstan to Central China will be constructed to bring the oil and gas of Sakhalin to Central China, South Korea and Japan.

The pipeline is expected to be funded by Japanese lenders or other international financial organizations such as the World Bank and Asian Investment Bank.

East Siberia contains significant energy supplies including oil, gas and hydroelectric. Further development of the energy sector will fuel the economic growth of the region.

Delegate to PBEC: China To Remain Peace-Loving

OW2405124794 Beijing XINHUA in English 1128
GMT 24 May 94

[Text] Kuala Lumpur, May 24 (XINHUA)—China will remain a peace-loving country even it becomes developed in the next century, said the leader of the Chinese delegation to the 27th International Meeting of the Pacific Basin Economic Council (PBEC).

At a session on "China in the 21st century" here today, Zheng Hongye, who is chairman of China Council for the Promotion of International Trade, told the delegates that by the middle of the next century, China is set to be a middle-level developed nation and an important force in safeguarding international peace.

By the end of this century, the Chinese people would generally lead a relatively rich life, thus greatly strengthening their purchasing power, raising their level of consumption, and providing strong support to Asian and world economic development, Zheng said.

China will open its market in a even large scale by then, he said, and its total accumulated imports are expected to reach one trillion U.S. dollars in the seven years till 2000.

However, Zheng added, although the overall economic strength of China will be markedly improved at the beginning of the next century, there will still be a big gap between it and developed nations in terms of per capita income.

He said China together with other peace-loving countries will make painstaking efforts to establish a new world order for peace, stability, cooperation and development.

"China is and will be a peace-loving country. It will never invade, interfere and bully others and never seek hegemony," Zheng said.

At the same time, he pointed out, China will continue to follow its own development path. "It is impossible for the Chinese to accept the way imposed by outsiders who try to direct them to do this or that according to their models and intentions," he said.

PBEC is a non-governmental organization set up in 1967. Its membership has risen to 17 with China, Russia and Colombia formally joining it at the current meeting.

The three-day gathering, which opened on Monday [23 May], deals with the current economic situation, regional economic cooperation and specific business issues relating to telecommunications, air transportation, financial services, energy and tourism.

U.S. Navy Fires Warning Shots at Ships Off Haiti

OW2505002194 Beijing XINHUA in English 2204 GMT 24 May 94

[Text] Washington, May 24 (XINHUA)—A U.S. Navy ship, while enforcing the international sanctions against Haiti, fired warning shots Monday [23 May] night at a ship off Haiti, the Defense Department said here today.

The U.S. frigate Antrim encountered a Panamanian-flagged ship, called "Leonese," off the north coast of Haiti and ordered the ship to lay to, but it did not, Pentagon Spokesman Dennis Boxx said at a news briefing.

The U.S. Navy ship fired 10 50-caliber warning shots across the bow of the Leonese, and the ship did lay to, said Boxx.

Boxx also said another incident occurred on Sunday. A Bahamian-registered seagoing tug, called the sea search, ignored instructions from a U.S. Navy ship to stop and warning shots were fired across the bow.

Two additional U.S. Navy ships have been ordered to help enforce the sanctions against Haiti after President

Bill Clinton signed on May 21 an executive order participating in the tougher sanctions authorized by the United Nations.

That brings ships involved in the sanctions enforcement to a total of 8 U.S. Navy ships and two other ships, one Argentine and one Canadian frigate, Boxx said.

U.S. House Rejects Military Action Against Haiti OW2505050194 Beijing XINHUA in English 0448 GMT 25 May 94

[Text] Washington, May 24 (XINHUA)—The United States House of Representatives today endorsed a motion opposing U.S. military action against Haiti but supporting a plan to use a nearby island as a place for screening refugees.

The motion, put forward by Representative Porter Goss and endorsed by a 223-201 vote, is not binding but expresses congressional opinion.

The motion opposes U.S. military action against Haiti unless there is a clear and pressing danger to U.S. interests or citizens.

But it supports the use of Ile de Gonava, a 35-by-8-mile island, for screening refugees seeking asylum in the U.S., as well as for a base of operations for exiled Haitian President Jean-Bertrand Aristide.

U.S. President Bill Clinton announced on May 8 some changes in U.S. immigration policy on Haitians.

U.S. officials will no longer send Haitian boat people home without any asylum screening, but will determine on board ship or in another country who are bona fide political refugees.

Clinton has also said that he would not rule out a military option against Haiti.

GATT Official on Resumption of China's Membership

OW2505105194 Beijing XINHUA in English 0933 GMT 25 May 94

[Text] Kuala Lumpur, May 25 (XINHUA)—GATT Director-General Peter Sutherland today urged all signatory countries to ratify the Uruguay Round agreement without delay.

"There will certainly be some governments facing significant domestic pressures seeking to amend the deal or even to overturn it altogether", he warned when addressing the 27th international meeting of the Pacific Basin Economic Council (PBEC) here today.

"However, such governments will have to face down those pressures knowing that the rest of the world is waiting and watching," he told the plenary session on critical trade issues under the theme of "Aftermath of the Uruguay Round".

At a press conference later he said about 20 to 30 of the 120 GATT (General Agreement on Tariffs and Trade) contracting members have ratified the Uruguay Round of agreement adopted in Marrakesh this year, paving the way for the formation of the World Trade Organization on January 1 next year.

There were no reports from major trading nations such as the United States, the European Union or Japan that they have ratified the pact.

"it would be incomprehensible for the United States not to ratify the pact in time," he said.

The Clinton administration has set August 15 as the deadline for congressional approvals. Sutherland said "it is the leadership role as signified by President Clinton that the ratification is made".

On the resumption of China's GATT membership, Sutherland termed it as a priority for GATT Secretariat. "It is true to say that a World Trade Organization without China as part of it is less than a complete organization," he emphasized.

He said the negotiations on the subject have reached a "decisive phase", as there is "a demanding schedule" for a protocol to be agreed by the summer time.

Although there is a widespread recognition that significant (trade) liberalization steps have recently taken place in China, the contracting parties still "have legitimate and serious demands which have to be recognized and understood by China", he said, adding "it will require will and cooperation and constructive dialogue of everybody".

"We'll give the utmost importance to it and will press forward the negotiations," he said.

Nine Firms Successfully Issue Stocks Outside Mainland

OW2505060194 Beijing XINHUA Domestic Service in Chinese 0416 GMT 24 May 94

[By reporter Liu Yuanda (0491 6678 6671)]

[Text] Kunming, 24 May (XINHUA)—China's first nine enterprises successfully placed their shares on markets outside the mainland. Liu Hongru, a noted economist and chairman of the China Securities Supervision and Administration Committee, praised them as "file leaders" in our country's economic restructuring.

A few days ago, the State Economic Restructuring Commission and the China Securities Supervision and Administration Committee sponsored a forum on experiences in placing shares in outside-the-mainland markets at the Kunming Machine Tools Company Ltd. More than 50 representatives from the nine enterprises which had successfully placed their shares in outside-the-mainland markets, relevant departments under the

State Council, the Shenzhen Securities Exchange, law firms, and other units reviewed and discussed the work in this regard.

With the approval of the State Council, the Shanghai Petrochemical Company, the Yizheng Chemical Fiber Company, the Qingdao Beer Company, the Maanshan Iron and Steel Company, the Kunming Machine Tools Company, the Guangdong Shipyard in Guangzhou, the Dongfang Electric Motor Company, the (Beijing People's Machinery Company) [bei ren ji 0554 0086 2623], and Tianjin's Bohai Company issued stocks outside the mainland last year. Now Dongfang is still selling its stocks, and the other eight companies have already raised a total of more than 10 billion Hong Kong dollars. Judging from subscriptions for its shares outside the mainland, the Dongfang Electric Motor Company is doing well in this regard. These companies have raised so much money in such a short time. It is unprecedented in China. This has not only solved the problems of funds for the nine companies, but also opened a major channel for Chinese enterprises to raise funds from the international market.

These nine enterprises are our country's "file leaders" in connecting Chinese enterprises with the international market. They have played an exemplary role in changing operating mechanisms and bringing about profound changes in their behavior. Of all the stock companies, the nine have done a better job in changing their operating mechanisms. They have changed from acting according to administrative directives to acting according to laws and regulations and from focusing their attention on the government to focusing their attention on the market, especially the international market. They have sought a better way for the state sector of the economy to adapt to the market economy.

UNDP Sends Mission To Inspect Hubei's Salt Industry

OW2505021794 Beijing XINHUA in English 0156 GMT 25 May 94

[Text] Wuhan, May 25 (XINHUA)—Mikael Woerinsd, a World Bank adviser, said that the equipment and the technology for producing iodized-salt in central China's Hubei Province have reached world advanced level.

He made the remark after heading a four-member delegation, entrusted by the United Nations Development Program (UNDP) to investigate the salt industry in Yingcheng city and Yunmeng county of Hubei, in the middle of this month.

The two areas are ideal centres for producing iodized salt, according to the mission. The two areas should expand projects for producing edible iodized salt, in a bid to meet the demands for iodized salt of China's 450 million people in the country's iodine-deficient areas and help China to realize its target to wipe out completely by the year 2000 all the diseases caused by iodine deficiency.

Hubei is one of China's leading producers of salt from mines, and most of Hubei's salt production centers are located in areas between Yingcheng city and Yunmeng county.

Along areas between these two, there are ten large and medium-sized salt-making enterprises, producing 2.1 million tons of crude salt a year.

Hubei began production of iodized salt in the 1960s.

Russia Expresses Support for Yemen Stability

OW2405173294 Beijing XINHUA in English 1640
GMT 24 May 94

[Text] Moscow, May 24 (XINHUA)—Russian ambassador to Yemen sent a letter from Russian leaders to president of the Yemeni Presidential Committee on Monday [23 May], expressing support for the unity and stability of Yemen, the ITAR-TASS NEWS AGENCY said.

Russian leaders said in the letter that Russia would be closely concerned for the development of the situation in Yemen.

They also said that Moscow is deeply concerned over the war in Yemen which is continuing and called for a ceasefire between the two warring parties.

United States & Canada

U.S. President Urged To Stay Away From Partial Sanctions

OW2505073094 Beijing XINHUA in English 0720
GMT 25 May 94

[Text] Washington, May 24 (XINHUA)—U.S. Senator Max Baucus and three other members of Congress today urged President Clinton to stay away from trying to impose partial sanctions on China.

With the deadline approaching for the U.S. President to decide whether to extend unconditionally most-favored-nation (MFN) trade status for China, the four congressmen sent a letter to Clinton expressing their hope that he will "avoid a political compromise that is likely to prove unworkable, and instead make a clean break with the debate of the past and renew MFN completely."

The letter outlined their concerns over a so-called "targeted, half-way or partial sanctions" approach, which is reportedly under consideration by some administration officials. "We see very serious substantive problems with this idea and do not believe it should be undertaken without a full review of the proposal in the normal legislative process," they said.

Baucus, chairman of the Senate Subcommittee on International Trade and an outspoken advocate of a policy of de-linking human rights and China's MFN, met with

Secretary of State Warren Christopher this morning to press him on the points in the letter.

He has said repeatedly that if a partial sanctions bill were to be introduced, it could not pass the Senate.

President Clinton told reporters that he would announce his decision on China's MFN status within a week. "We still have not only ongoing negotiations with Congress, but with others as well," he said. "There are a number of things that still have to be resolved. We're working through it as quickly as we can."

Columnist Says U.S. Foreign Policy 'A Mess'

HK2505064794 Hong Kong TA KUNG PAO in Chinese
25 May 94 p 4

["Political Talk" column by Shih Chun-yu (2457 0689 3768): "U.S. President Makes 'A Mess' of It"]

[Text] A report by the London-based International Institute of Strategic Studies uses the term "a mess" to describe the U.S. President's foreign policy. We believe this description has not aroused controversy in the United States or the world.

The Result of Talking Irresponsibly

The report vividly points out that Clinton seems to proceed without a "steady compass." In other words, he does not have an orientation in his work but fluctuates from side to side. This description is quite correct.

Take his Haiti policy for example. Some people estimate that Clinton has changed it four times, and he is now pursuing his fifth Haiti policy. On Haitian refugees, for example, at first he said the United States would accommodate all Haitian refugees, but later pointed out that Haitian refugees should all be repatriated. Now he has changed his mind by saying that Haitian refugees should be screened at sea and only genuine political refugees will be accepted. If the current UN embargo does not work, Clinton will decide whether the United States should dispatch troops. It would not be strange at all for him to change policy.

There are many reasons why Clinton's foreign policy is changeable. Before Clinton became president, he was the governor of remote Arkansas, without any experience of diplomacy. But during the presidential campaign against President Bush, who had rich diplomatic experience, he irresponsibly made one commitment after another to show that he had his own views on diplomacy. Facing the political realities of the country and overseas, he has now discovered that the situation is not as simple as he expected. It is only too natural for him to revise his policies after hitting a wall. His policies toward Bosnia, Somalia, Haiti, and China are always changeable. An analyst summed it up: It is not hard to know what Clinton's next step is; if he makes a left now, he will make a right next.

Several Tests He Will Face

Some critics point out that Clinton is not good at diplomacy and is unwilling to spend time studying it. Naturally, he has made "a mess" of diplomacy. But in the weeks to come, Clinton is likely to have no alternative but to spend effort and time on diplomacy. There are some knotty problems, including China's most-favored-nation status, nuclear inspections in Korea, whether or not force will be used against Haiti, whether or not the embargo on Bosnia's muslims should be lifted, and how to reopen economic dialogue with Japan, all of which require decisions. Diplomacy is a time-consuming job. Next week, Clinton will go to Europe to attend the 50th anniversary of the Normandy landings, and in July he will go to Europe again to participate in the G-7 summit. In the past, Clinton avoided conscription, but now he is going to Europe to attend a World War II commemoration as U.S. President. This has been criticized by people. People also compare his participation with Reagan's presence 10 years ago at the 40th anniversary of the Normandy landings. How many points he will get has drawn people's attention.

More Than Half Are Dissatisfied With His Diplomatic Performance

A recent public opinion poll suggests that only 40 percent of Americans find Clinton's diplomatic performance acceptable; 53 percent are dissatisfied. But this is not Clinton's worst aspect. He got his lowest approval scores for his character. After consecutive disclosures about sex and private investment scandals, only 56 percent of people said he had the loyalty and honesty required to be President. This was a 20 percent drop compared with the period just after he became President. But this may not be his lowest point. If the sexual harassment case filed by Paula Jones is pursued and the President stands in the dock, no one can dare say how much further his reputation will decline.

Zou Jiahua Meets With U.S., Canadian Business Delegations

OW2405185794 Beijing XINHUA in English 1335
GMT 24 May 94

[Text] Beijing, May 24 (XINHUA)—Chinese Vice-Premier Zou Jiahua met here this afternoon first with a delegation from the U.S. company Sithe Energies and then with a Canadian delegation from Canadian B.C. Rail.

The 14-member U.S. delegation, headed by the chairman of Sithe Energies, William Kriegel, arrived here on May 23 at the invitation of the China International Engineering Consulting Corporation.

The Canadian delegation, headed by president and chief executive officer of B.C. Rail, Paul McElligott, came here at the invitation of China's Ministry of Railways.

American Pharmaceutical Plant Profits From Chinese Market

OW2505091494 Beijing XINHUA in English 0710
GMT 25 May 94

[Text] Tianjin, May 25 (XINHUA)—Smith Kline, the fifth largest American pharmaceuticals and medical products company, has invested four million U.S. dollars in Tianjin ten years ago and had made a total of 460 million yuan (about 50 million U.S. dollars) in profits by the end of last year.

As China's second-largest pharmaceutical enterprise, the Tianjin Smith Kline Pharmaceuticals Co., Ltd. is expected to record another 670 million yuan in sales this year.

Occupying seven ha of land in the eastern suburbs of the north China port city of Tianjin, the Sino-U.S. joint venture is composed of a preparation plant and a raw materials plant. The highway linking Tianjin with the factory was built specially by Tianjin municipality for the enterprise.

With advanced technology from the American pharmaceutical giant, the venture has developed several products which have become household names across China, doubling its sales volume since 1990.

So far, the joint venture has established over 100 sales offices in 25 provinces and municipalities across China. Most of the sales representatives have received special training from the American company.

"Our unique method in sales is one of the most important reasons for our success," said Zhang Zhi, deputy general manager of the company, adding that the enormous Chinese market has proved ideal for the method.

According to Zhang, the company will put a series of new products onto the Chinese market this year so as to maintain its competitiveness here.

Central Eurasia

Liu Huaqing Meets Russian Deputy Prime Minister

OW2505100694 Beijing XINHUA Domestic Service in Chinese 0754 GMT 25 May 94

[Text] Beijing, May 25 (XINHUA)—General Liu Huaqing, vice-chairman of the China's Central Military Commission, met with visiting Russian Deputy Prime Minister Aleksandr Shokhin and his party here today.

In a cordial and friendly atmosphere, the two sides exchanged views on issues of mutual concern.

Liu noted that the two countries' enhancement of friendly ties of cooperation on the basis of equality and mutual benefit accords with the fundamental interests of the two peoples and is beneficial to the peace and stability of the region and the world as a whole.

Bilateral cooperation in various fields has bright prospects, he stressed.

As the two nations are focused on economic growth, expanding cooperation with each other and learning from each other's strong points to make up for each other's shortcomings is of much significance to the development of their economies, science and technology, Liu said.

The Russian Government pays much attention to the development of its friendly cooperation with China, Shokhin said, adding that Russia is willing to expand this cooperation in economy, science and technology, culture and other fields and promote the mutual prosperity of the two economies.

Lieutenant General Cao Gangchuan, deputy chief of the General Staff of the Chinese People's Liberation Army; Shi Guangsheng, vice minister of foreign trade and economic cooperation; Major General Huai Guomo, of the Commission of Science, Technology, and Industry for National Defense; and other high-ranking officials of departments concerned took part in the meeting.

Russian Prime Minister's Visit To Enhance Ties
OW2405133594 Beijing XINHUA in English 1319
GMT 24 May 94

[Text] Beijing, May 24 (XINHUA)—The Chinese side is looking forward to Russian Prime Minister V.S. Chernomyrdin's visit to China and hopes the visit will deepen bilateral relations, according to Chinese diplomats and trade officials in recent interviews with XINHUA.

The Russian prime minister is scheduled to arrive here on May 26 for a four-day official visit at the invitation of his Chinese counterpart Li Peng.

"China attaches much importance to the first visit here by the Russian head of government," a Chinese Foreign Ministry official in charge of Russian affairs said, adding that the visit is expected to be a complete success.

Noting the 4,000 km-long Sino-Russian border, the official said the maintenance of long-term, stable and good-neighborly ties of friendship and mutual benefit between the two countries is in the fundamental interests of the two peoples and conducive to the peace and stability of the Asia-Pacific region and the world as a whole.

Sino-Russian relations in various fields have recorded rapid development since the establishment of diplomatic ties between the two countries, he said.

Since Russian President Boris Yeltsin's visit here in late 1992, the mutually beneficial cooperation in politics, economy, culture, science and technology, and other fields has developed in a "healthy and sustained" fashion, he said.

The two countries have also maintained normal consultations and cooperation on major international issues, he said.

This year, Sino-Russian relations are marked by the increase of high-level contacts between the two countries, he said. The high-level contacts, no doubt, play a positive role in propelling bilateral relations forward.

During the forthcoming visit of the Russian prime minister, leaders of the two countries will exchange views on the enhancement of bilateral relations, especially of mutually beneficial economic and trade cooperation.

A number of documents for cooperation are expected to be signed, sources here said.

An official of China's Ministry of Foreign Trade and Economic Cooperation said that since the two countries signed an economic and trade cooperation agreement at the beginning of 1992, bilateral trade ties have been developing rapidly.

He said the bilateral trade figure was 5.8 billion U.S. dollars in 1992, which was higher than the highest one between China and the former Soviet Union, adding that the figure in 1993 was 7.7 billion U.S. dollars, representing an increase of 31 percent.

In addition, means of bilateral economic and trade cooperation were diversifying with the development of barter trade, cash trade, compensation trade, leasing and mutual investment, he said.

The official noted that the two economies are highly mutually complementary and there is a broad prospect for bilateral economic and trade cooperation, as well as scientific and technological cooperation.

In general trade, using its main foreign trade channels such as large trade corporations, China will seize the opportunity to press for a gradual shift from the dominant barter trade to cash trade with involvement of all foreign trade means, he said.

He said that China will continue to stress the role of border and regional economic and trade cooperation, strengthening administration over border trade and the standardization of commodities inspection, in a bid to facilitate the development of such cooperation and two-way investment.

He expressed the hope that the two countries will make full use of land transport, along with more development of sea transport for developing bilateral trade.

Russian Envoy Interviewed on Chernomyrdin's Visit

OW2505083694 Beijing XINHUA in English 0646
GMT 25 May 94

[Text] Beijing, May 25 (XINHUA)—The coming visit to China by Russian Prime Minister V. S. Chernomyrdin is

an event of great significance in Russian-Chinese ties, said Russian Ambassador to China Igor A. Rogachev.

The visit will help to propel the bilateral ties, the ambassador told XINHUA here in a recent interview.

The Russian prime minister is scheduled to arrive here tomorrow for a four-day official visit to China at the invitation of his Chinese counterpart Li Peng.

During the first-ever visit here by a Russian prime minister, leaders of the two countries will exchange views on the deepening of bilateral ties, especially those in the economic and trade fields, the ambassador said.

Half a dozen or so documents of co-operation are expected to be signed here, covering topics ranging from economy and environmental protection to agriculture and other fields, he added.

He noted that this year, Russian Foreign Minister Andrey Kozyrev and State Duma Chairman Ivan Rybkin, and Deputy Prime Minister Aleksandr Shokhin visited here. The latter arrived here Wednesday [25 May] to co-chair the second session of the Russia-China Committee on Co-operation in Economy, Trade, Science and Technology.

The Russian side is making preparations for the early realization of the second summit meeting with China, he revealed, adding that Chernomyrdin's visit is the most important event in the run-up to the summit.

On domestic situation, Rogachev noted that Russia is experiencing more and more factors of stability.

Referring to the development of the bilateral ties in the past two years, Rogachev noted that since President Yeltsin's visit here in late 1992 there have been more high-level contacts between the two countries. Last year Russia and China received, respectively, some 40 delegations from the other side, all at or above the ministerial level.

The bilateral co-operation in economy and trade, science and technology and other fields have also logged "remarkable" and "satisfactory" achievements, he said.

Last year, the two-way trade volume reached a record high of 7.68 billion U.S. dollars, up 30 percent over the previous year.

The two economies are highly complementary and the potential for bilateral economic co-operation is "great", Rogachev said.

He held that the Russian-Chinese economic and trade co-operation should be directed gradually toward the setting up of joint ventures. In this way, the two sides can fully employ Russia's fuel and other natural resources and China's rich agricultural and labor resources.

As to some new problems emerging from the bulging economic and trade co-operation between the two countries, more efforts are needed from both sides to solve them, the Russian ambassador said.

Wu Bangguo Meets Russian State Duma's Ivan Rybkin

OW2405120294 Shanghai WEN HUI BAO in Chinese 18 May 94 p 1

[Report by Yao Bosheng (1202 2672 3932): "Wu Bangguo Meets Russian State Duma Delegation"]

[Text] Wu Bangguo, member of the CPC Central Committee Political Bureau and secretary of the Shanghai Municipal party committee, received a delegation from the Russian State Duma at the Hengshan Hotel yesterday afternoon.

During the meeting, Wu Bangguo warmly welcomed the Russian State Duma delegation, which was headed by Ivan Rybkin and was on its first visit to Shanghai, and briefed his guests on Shanghai's economic development, reform, and opening up. The two sides conducted friendly talks and agreed to further strengthen economic cooperation and bilateral exchanges.

Liu Suinian, member of the National People's Congress Standing Committee and chairman of the Sino-Russian Friendship Group, and Hu Chuanzhi, vice chairman of the Shanghai Municipal People's Congress Standing Committee, attended the meeting.

The delegation left Shanghai for a visit to Shenzhen on a special plane yesterday afternoon.

Russian Minister Interviewed on Increasing Trade Ties

OW2505032894 Beijing XINHUA in English 0308 GMT 25 May 94

[Text] Moscow, May 24 (XINHUA)—Russian Minister of Foreign Economic Relations Oleg Davydov said here today that trade between Russia and China would grow healthier, despite the current decline.

In an exclusive interview with XINHUA on the eve of Russian Prime Minister Viktor Chernomyrdin's visit to China, Davydov said that since 1992, trade between Russia and China had been growing rapidly thanks to the economic reforms and encouraging policies being pursued by both nations.

He said that the volume of two-way trade reached 7.68 billion U.S. dollars in 1993, a 30.9 percent increase over 1992.

He noted that China had become Russia's second largest trading partner and that Russia ranked seventh on China's list of international trading partners.

In the first quarter of this year, however, trade between the two nations for various reasons saw a decline, he said.

But the minister went on to say that he was confident that there were bright prospects for a growth in trade and that the trade relations in general would continue to improve.

He stressed that the two sides should take steps to solve the problems affecting the development of trade between them.

He suggested that Russia and China amend their trade agreements to suit the different situation and that the central banks play a greater role in trade between the two nations.

Chinese Diplomat Previews Russian Prime Minister's Visit

OW2405052694 Beijing XINHUA in English 0418 GMT 24 May 94

[Text] Moscow, May 23 (XINHUA)—A Chinese diplomat said here today that Russian Prime Minister Viktor Chernomyrdin's coming visit to China, like other visits paid by leaders of the two countries, will further promote the development of bilateral economic and trade ties.

Economic and trade cooperation between China and Russia has its geographical superiority and is economically complementary, Hu Chusheng, minister-level economic and commercial counsellor at the Chinese Embassy in Russia, told XINHUA and ITAR-TASS reporters on the eve of Chernomyrdin's trip to Beijing.

Sino-Russian trade, developed on the basis of Sino-Soviet trade, is growing rapidly with a great potential, Hu said.

According to the counsellor, the volume of Sino-Russian trade was 7.68 billion U.S. dollars in 1993, compared with 5.6 billion dollars in 1992.

The Sino-Soviet trade turnover in 1991 was only 3.8 billion dollars.

Hu attributed the thriving bilateral trade to the stimulative policies adopted by the two governments, especially to the preferences granted to each other regarding trade.

On the geographical superiority, the counsellor said that there is little difference between the CIF [cost, insurance, and freight] and FOB [free on board] prices because the two countries are so close to each other.

As a result, an average of 30 dollars is saved for one ton of freight, he said.

On the complementary nature of Sino-Russian trade, Hu said Russia's heavy industrial products such as automobiles and planes are welcomed in China while Chinese light industrial goods sell well in Russia.

The counsellor was optimistic over the future development of bilateral trade, saying that he agreed to the prediction made by Russian businessmen that the annual volume of trade between China and Russia will surpass 10 billion dollars.

It is very hard to achieve the goal this year as the volume of delivery dropped by more than 50 percent in the first two months this year over the same period last year, he stressed.

Hu attributed the fall to the delay in signing some inter-governmental trade protocols, higher import taxes imposed by Russia and its new arrangement in granting visas.

He believed that all these issues can be resolved through consultations.

He expressed the hope that Chinese and Russian businessmen will deepen their mutual understanding and trust as bilateral economic and trade cooperation grows.

'Newsletter' Depicts Economic Cooperation With Khabarovsk

OW2505060394 Beijing XINHUA Domestic Service in Chinese 0855 GMT 23 May 94

["Newsletter" by XINHUA reporters Wan Chengcai (8001 2052 2088) and Zhang Tiegang (1728 6993 6921): "Friendly Relations and Cooperation on the Bank of the Amur River"]

[Text] Moscow, 22 May (XINHUA)—On a sunny day in May, we flew more than 8,500 kilometers southeast from Moscow and arrived in Khabarovsk (Boli), a Russian border city of strategic importance on the bank of the Amur River, for a 10-day reporting trip in the Russian Far East.

The Amur is a river on the Sino-Russian border, and Khabarovsk City is located on the northern bank on the middle reaches of the river. During the years when relations between the two countries were tense, this was the frontier of military confrontation filled with the smoke of gunpowder. Today, border trade and various forms of economic cooperation have replaced conflicts, turning the Amur River into a river of friendship that links the feelings of the two peoples.

The Khabarovsk border region is graced with enchanting sights, covers an area of 824 square kms, and has a population of more than 2 million, 80 percent of which lives in the city proper. Densely forested, the area abounds in such resources as coal, zinc, and gold. Its industry is dominated by metallurgy, machine-building, aircraft manufacturing, electric cable production, petroleum refining, and woodworking, while fishery, deer-raising, and commercial hunting are also booming sectors. On top of the fairly developed shipping and air transportation services, the trunk line of the celebrated Trans-Siberian Railway crisscrosses the southern part of

the region. Khabarovsk, with a population of 600,000, is the capital of the border region, as well as the largest industrial city and one of the transportation hubs in the Far East.

In Russia's drive for economic reform, the Amur River has taken the lead in opening up to the outside world. Pisarenko [name as received], deputy director of the region's Foreign Economic Liaison Bureau, told us: The Khabarovsk border region has established economic cooperation and trade with 42 countries and regions, of which China is the largest economic and trade partner.

Pisarenko said exuberantly: The trade volume between the Khabarovsk border region and China accounted for 45 percent of the region's total foreign trade volume in 1993, rising by 340 percent from \$115 million in 1992 to \$391 million in 1993. The trade structures of the two sides complement each other, with the border region primarily exporting steel products, plants and equipment, nonferrous metals, and timber to China, and importing daily necessities and food from the latter. The female deputy director said: Following the termination of the border region's traditional economic ties with western Russia and the CIS countries, rail freight has risen steadily, rendering the region's economic relations and trade with China increasingly important in the absence of self-sufficiency in industrial and agricultural production.

What we witnessed here is not only the conduct of barter trade with China, but also a growing interest on both sides in the establishment of joint ventures. By January this year, 199 Chinese-funded enterprises had been established in the border region, accounting for 45 percent of the total number of foreign-funded enterprises. Of these, 144 are joint ventures, and 55 are wholly Chinese-owned. Registered assets total \$11 million, or 10 percent of the region's total foreign registered assets. Moreover, experienced Chinese vegetable growers and construction workers have begun to demonstrate their skills in the Khabarovsk border region.

The reporters visited the largest country market in Khabarovsk City. Several thousand stalls were neatly arrayed in this market covering an area of some 20,000 square meters, where vendors hawked their wares incessantly and customers jostled each other. Most of the goods were clothing and other daily necessities. In addition to local people, stall proprietors included Chinese, Korean, Vietnamese, and Mongolian nationals. The local official accompanying us on the trip said: High-quality and inexpensive daily necessities and food produced by China have greatly enriched the border region's market; however, the reputation of Chinese goods has also been sullied by some poor-quality commodities. The local government official said: Most of the Chinese-funded enterprises in the region carry out trading activities, and the number of enterprises engaged in commodity production is too small.

Quoting Peter the Great during an interview with these reporters, the Russian presidential representative in the Khabarovsk border region, said: "The more a country conducts foreign trade, the better its people's lives will become." He expressed the hope that people on both sides of the river, who have a century-old history of border trade, would further expand mutually beneficial economic cooperation and trade.

With the clouds illuminated by the setting sun, the picturesque Amur River seemed to be singing the song of long-running friendship between people on both sides of the river.

Russia Expands Policy-Making Body

OW2405111194 Beijing XINHUA in English 1057
GMT 24 May 94

[Text] Moscow, May 24 (XINHUA)—Moscow's key policy-making body, the Russian Security Council, was expanded today to include Ivan Rybkin, speaker of the Lower House of the Parliament, as its ninth member under a decree of President Boris Yeltsin.

The Presidential Press Office announced the order to the ITAR-TASS NEWS AGENCY this morning and said the decision was based on the country's constitution.

Many of Russia's important policies have been worked out with the counsel of the Security Council, which is directly under Yeltsin's leadership. Since a Yeltsin-proposed reshuffle in February, the council had had eight members including ministers of defense, foreign and home affairs as well as heads of the country's intelligence departments.

Northeast Asia

IAEA Inspectors Arrive in Pyongyang 24 May

OW2405132794 Beijing XINHUA in English 1312
GMT 24 May 94

[Text] Pyongyang, May 24 (XINHUA)—A three-man consultation delegation from the International Atomic Energy Agency (IAEA) arrived today in Pyongyang, capital of the Democratic People's Republic of Korea (DPRK).

Following an agreement between the DPRK and IAEA on May 21, the delegation, headed by Demetrius Perri-cos, director of the IAEA's division of operations in the department of safeguards, had made the trip to to engage in talks on the refueling of a 5 megawatt fuel rod in a nuclear reaction center at Yongbyon.

Demetrius told reporters that the delegation, which is scheduled to stay here till May 28, will only talk about technical issues of replacing nuclear fuel rods.

He stressed that IAEA had not rejected DPRK's invitation to observe the replacement of the fuel rod, but the

agency expected to carry out overall inspection on DPRK's nuclear equipment.

Since its demand had not been met, the IAEA did not deny that the delegation would hold negotiations with the DPRK about the precondition of nuclear inspections, Demetrius added.

He said that there were considerable disagreements between the IAEA and the DPRK on the issue of inspecting nuclear equipment and he hoped that the possibility of carrying out the program would emerge after the negotiations.

Hu Jintao, ROK Group Hold Talks

OW2405183394 Beijing XINHUA in English 1347 GMT 24 May 94

[Text] Beijing, May 24 (XINHUA)—Hu Jintao, a Chinese Communist Party leader, today expressed the hope for further development of long-term and good-neighborly relations between China and the Republic of Korea (ROK).

This conforms not only to the fundamental interests of the two peoples, but also to peace, stability and development in the north-eastern Asia and the rest of the region, he said.

Hu, Standing Committee member of the Political Bureau of the Central Committee of the Communist Party of China (CPC) and member of the Secretariat of the CPC Central Committee, made these remarks at a meeting with Mun Chung-su, secretary-general of the Democratic Liberal Party Central Committee of the ROK, here this afternoon.

Noting that China and the ROK are close neighbors and their peoples' contacts can be traced back to ancient times, Hu said the two countries had not long established diplomatic ties, but bilateral ties have developed rapidly and their exchanges and cooperation covered a wide range.

He added that the friendly contacts between the two parties have also been expanding.

Mun praised China for its stability and rapid economic development, adding that it is his hope that the visit will help increase his understanding of China's reform, opening to the outside world and modernization and promote the growth of the ties between the two parties and the two countries.

Li Shuzheng, head of the International Liaison Department of the CPC Central Committee, attended the meeting.

This evening, Tian Jiyun, member of the Political Bureau of the CPC Central Committee and vice-chairman of China's National People's Congress Standing Committee, hosted a banquet in honor of the visitors.

The ten-member delegation, including six members of the national assembly, arrived here earlier this afternoon.

Tomorrow morning Li Shuzheng is expected to hold working talks with Mun and his party on relations between the two parties.

After their visit to Beijing, the delegation will also pay goodwill visits to Xian and Shanghai.

Wu Xueqian Meets ROK Politician

OW2505104194 Beijing XINHUA in English 0702 GMT 25 May 94

[Text] Beijing, May 25 (XINHUA)—Wu Xueqian, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, met and had a friendly talk here with Mun Chong-su, secretary-general of the Central Committee of the Democratic Liberal Party of the Republic of Korea (ROK), at noon today.

This morning, Li Shuzheng, head of the International Liaison Department of the Chinese Communist Party Central Committee, exchanged views with Mun on furthering relations between the two parties in their talks here.

Political & Social

Beijing Security Chief Calls For 'Crackdown'

HK2405121094 Hong Kong AFP in English 1127 GMT
24 May 94

[Text] Beijing, May 24 (AFP)—Beijing's security chief has called for a strict public order crackdown in the capital, a report said Tuesday, less than two weeks before the fifth anniversary of the Tiananmen Square massacre.

Su Zhongxiang, director of the Beijing municipal Public Security Bureau (PSB), called on all the capital's PSB organs to strengthen the defence of social stability and deal swiftly "with any problems that might emerge suddenly." Su, whose remarks were carried on the front page of the Public Security News [RENMIN GONGAN BAO], also stressed the importance of preventative policing in clamping down on criminal activity.

Security has been noticeably stepped up in Beijing in the past month amid heightened tension in the run up to the anniversary of the June 4 suppression of the 1989 pro-democracy movement. According to western military analysts, the number of People's Armed Police in Beijing has been steadily built up since 1989 and now totals some 100,000 officers who have been given intensive anti-riot training.

A general law and order crackdown launched at the beginning of the year has achieved "certain successes," the newspaper said. "But, in order to guarantee social order, the Beijing PSB has decided that all departments must take a stronger initiative in suppressing criminal activity."

The Beijing police have uncovered 2,731 criminal cases since January and broken up more than 400 criminal gangs, the newspaper added.

Su's remarks follow a series of warnings by top government and party officials on the issue of public order nationwide. President Jiang Zemin and Premier Li Peng both made recent speeches—given wide publicity in the Chinese media—stressing the paramount importance of ensuring social stability by all means necessary. Jiang even went so far as to defend the military suppression of June 4, which he credited for laying the foundation for China's current stability.

CPC Orders Expansion of Police Force

HK2405150394 Hong Kong CHENG MING in Chinese
No 199, 1 May 94 pp 14-15

[Article by Kuan Chieh (7070 2212): "Two CPC Orders on Expanding the Police Force"]

[Text] Li Peng Endorses Orders Strengthening and Expanding the Police Force

Every country in the world has its own police force.

The responsibilities of a country's police are to preserve social order, curb crime, and protect the people. Of course, there are police who suppress the people.

The mainland has added the word "people's" to its police, to read the "People's Police." They should do more than the police in other countries in doing good for the people and serving the people but this is not the case.

As the mainland police have disclosed, in 1993, 7 percent of public security personnel were dismissed from their posts or transferred out of public security departments and about 3,400 public security personnel were given criminal punishments or expelled from the CPC. This included more than 120 section-level public security cadres. This situation suggests that, from one angle, the public security contingent is irrelevant to "serving the people" and neither is it a reliable tool of the party. This is, of course, a tragedy for the CPC, which entrusts its political power to the armed forces and the police force.

In order to strengthen and expand the police force, on 28 March this year, Premier Li Peng endorsed Order No. 12 of 1994 on "Strengthening, Rectifying, and Expanding the Public Security Contingent" and Order No. 13 of 1994 on "Supplementing and Improving the Armed Police Force."

Order No. 12 was issued through the Ministry of Public Security to the party committees of all provincial (autonomous regional) and city public security departments (bureaus) in early April whereas Order No. 13 was issued to all provincial (autonomous regional) and city armed police corps on 8 April.

The State Council Allocates 1.8 Billion Yuan to Public Security Departments and Security Control Departments

Order No. 12 points out: In light of their social environments, all provinces (autonomous regions) and cities, from 1994 to 1996, should rectify and strengthen the leading groups of their public security contingents and develop these contingents in the ratio of 2 or 4.5 public security personnel per million of population, depending on the local conditions. In some important cities and in cities or regions where party, government, scientific, technological, and industrial organizations are concentrated, public security contingents should be formed in the ratio of 6:1,000.

Viewed from provincial public security departments' arrangements, the country will increase public security personnel by 400,000 from 1994 to 1995; the central and local authorities will build or expand 70 to 80 public security schools, 10 or 12 of which will be senior public security schools. The central government will be responsible for 40 percent of the funding and local governments will allocate the remaining 60 percent. The central government will increase the percentage of fund allocation for some key provinces and cities appropriately. In mid-March, the State Council allocated 1.8 billion yuan

for public security departments and security control departments. An informed source confirmed that 35,000 cadres (including demobilized soldiers) from localities and government institutions had been sent to work in public security departments.

The State Council Provides the Ministry of Public Security With More Power To Use Force

With the State Council's authorization, on 1 March the Ministry of Public Security issued the "Regulations on the Use of Arms During Patrols and When Performing Duties." The regulations point out: Arms can be used against any resistance to arrest, any attempt to resist, any action of violent resistance, or any assault on public security personnel. Arms can be used to stop agitation in public or state buildings and any attempt to destroy state buildings, public property, government institutions, and vehicles, if persuasion proves to be of no avail. Arms can be used to stop assaults on party, government, and military institutions; public security departments; detention centers; prisons; financial organizations; banks; and important state departments. Arms can be used to stop assaults on radio and television stations as well as central and local press and news agencies, if a warning proves to be of no avail. Arms can be used to stop assaults on airports, seaports, customs departments, and frontier stations. Arms can be used to stop assaults on power stations, water supply centers, and railway departments, if a warning proves to be of no avail. Arms can be used to stop any attempt to blockade highways, shipping routes, railways, bridges, and tunnels, if a warning proves to be of no avail.

Tao Siju: The Public Security and Armed Police Forces Will Deal With All Eventualities

Order No. 13 points out: Local governments should exercise direct leadership over armed police units. Armed police and public security units should be integrated. From 1994 to 1996, the country will expand the People's Armed Police Force [PAP] personnel to 450,000, improve the quality of the personnel, and enhance their efficiency in performing mobile duties. By the end of 1994, a three-level armed police force mechanism comprising provinces (autonomous regions and municipalities directly under the central authorities), prefectures, and counties will be formed.

It has been learned that more than 38,000 demobilized soldiers and soldiers on active service joined the PAP in 1993. Tao Siju, PAP political commissar Ministry of Public Security chief, said: The central task of public security and armed police units is to improve their quality, raise their work consciousness, and enhance their combat effectiveness. During an inspection of a police academy in early April, Tao Siju said: From now on, the public security and armed police forces will deal with contingencies. In an important region, the public security and armed police forces should be able to dispatch 40,000 to 50,000 personnel to the scene of any

eventuality within four hours. In the case of an emergency, they should be able to dispatch 5,000 to 8,000 personnel to the scene within 20 minutes.

He also said: About 80,000 cadets will graduate from public security and armed police academies this year and they will be assigned to work in all parts of the country. These academies will recruit 150,000 cadets this year. Unqualified personnel will be removed from public security departments within three years.

The People's Police Have Become Tools To Suppress the People

The abovementioned examples prove that the CPC is strengthening and expanding its police force.

Social order on the mainland is deteriorating. This is obvious to all. It is also an indisputable fact that the quality of mainland public security personnel is low, as is their efficiency in cracking criminal cases. Such being the case, the CPC needs to strengthen its police force.

Apart from maintaining social order and curbing crime, the public security and armed police forces are also responsible for cracking down on dissidents. To cope with one dissident, dozens or even hundreds of policemen are used. This includes following and keeping a watch on the dissident. When Wei Jingsheng tried to return from Tianjin to Beijing, seven truckloads of police were mobilized to stop him. If used this way, the police force does not have adequate personnel to cope with eventualities. In addition, the "Regulations on the Use of Arms During Patrols and When Performing Duties" run counter to the "PRC Constitution," which stipulates that civilians have the right to hold demonstrations.

The people's police have now become tools to suppress the people. CPC leaders have removed the disguise of the constitution and blatantly created the image of a police state among the people. Did any fascist, police state in the world ever come to a good end?

Dissident Urges President Clinton To Form Human Rights Body

HK2505075094 Hong Kong SOUTH CHINA MORNING POST in English 25 May 94 p 23

[By Chai Ling, a student leader of the 1989 pro-democracy movement in Tiananmen Square, now chairing the China Dialogue Foundation]

[Text] United States President Bill Clinton's China policy is caught in a dilemma between human rights and trade relations. Last year he signed an executive order requiring that "China improve its human rights significantly" before he will renew its Most Favoured Nation (MFN) trade status.

To show his commitment, he invited several Tiananmen Square students, including myself, to witness the signing ceremony.

In the past year, the Chinese Government has responded with some improvements, but there are still many human rights abuses such as arrests of political dissidents and the use of prison and slave labour. Now Mr Clinton is considering his next policy move towards China.

I would like to suggest that, rather than revoking China's MFN status, he should form a bilateral human rights commission.

As a student leader who survived the Tiananmen massacre, I strongly believe human rights and economic development are equally important. Revoking MFN might not necessarily end China's dictatorship, but it would certainly hurt the people and the reformers more than the hardliners. Therefore that action should be kept as a last option.

The roots of China's human rights abuses lie in the lack of the rule of law. Thus, China "could easily roll back any concessions it made on human rights", as Wei Jingsheng, one of our prominent colleagues, has pointed out.

The truth is, unless China starts constitutional reform, setting up its own checks and balances mechanism within its system, it is unrealistic to expect outside pressure to change the situation.

The Chinese Constitution stipulates that the people have the right of speech, assembly and vote. The problem is how to uphold the letter of law. The only solution is to urge the Beijing government to start constitutional reform and to establish the rule of law. The first step ought to be strengthening the National People's Congress as a supervisory organ, to pass laws to stop the government from violating its own constitution and abusing citizens' rights.

Most importantly, there have been positive statements made by China's younger leaders that they are willing to start constitutional reform.

Chinese President Jiang Zemin, during his meeting with Mr Clinton in Seattle last year, mentioned that "within the law, there are some things we can do". On a visit to Europe earlier this year, Qiao Shi, head of the standing committee of the National People's Congress (NPC) said: "China needs to learn from Western countries to protect its citizens."

At the same time, there are signs these leaders favour a more constructive approach to U.S.-China relations. As Mr Jiang said during U.S. Secretary of State Warren Christopher's visit to Beijing: "In order to become friends, we must fight first."

This elliptical remark was explained by Lee Kuan Yew, Singapore's senior minister, in an interview with Time magazine.

According to Mr Lee, Mr Jiang's message was positive: "I want to be a friend—so we must have these quarrels.

That this was left out of the reports in China meant that he did not want the Chinese people to know he was being conciliatory."

In a similar vein, Mr Qiao suggested to House Majority Leader Richard Gephardt during his visit to China in January that he hoped the NPC and Congress would increase co-operation for healthy U.S.-China relations.

Such positive signals from Chinese leaders have so far been ignored by the U.S. media. They are the result of President Clinton's MFN policy. By signalling his support for constitutional reform inside China and forming a bilateral human rights commission, the president could contribute to further improvement of China's human rights situation.

Should China agree to such a commission, that could be reason enough to extend MFN status.

This would not only resolve the trade versus human rights dilemma, it would also hold numerous benefits for U.S.-China relations.

It would be a forum to solve disagreements and avoid conflicts due to lack of communication. It would also help plant a mechanism of checks and balances into the current Chinese power structure and could potentially lead to China's democratisation.

Such a commission could hardly be seen as "interfering in China's domestic affairs" or "forcing Western human rights standards onto China," rather it would be a two-way forum for discussion of both countries' human rights problems.

Human rights should no longer be an annual subject of debate but the focus of a consistent effort to help China establish the rule of law.

Mr Qiao has already accepted U.S. congressman Tom Foley's invitation to visit the U.S. Congress. This would be a good opportunity to discuss this plan with Mr Qiao and to work out a timetable for setting up this bilateral human rights commission.

In Beijing in 1989 thousands of students and citizens peacefully demanded that the government establish the rule of law and stop corruption; respect the constitution with guaranteed freedom of speech, assembly and vote. It was not an uprising but a movement similar to the civil rights movement in the U.S. But a few hardliners ordered in tanks and troops and massacred thousands of innocent people.

How could this kind of decision possibly be made and carried out?

Had China had an influential legislature or an independently elected leader such as Russia's Boris Yeltsin, would this tragedy have been avoided?

If China set up a mechanism of checks and balances, could such tragedy be avoided in the future?

It is five years since Tiananmen. After escaping from China, living in the U.S. and studying at Princeton University, I am more convinced than ever that China's future is through constitutional reform. I don't agree with extremist theories that, once international pressure is increased, the Chinese Government will collapse overnight or that, once China starts political reform, chaos will begin.

I am glad I have found that many Chinese people both within China and overseas agree with me. I also sincerely hope that the Clinton administration will be able to avoid extremist approaches and decide upon a China policy that pursues both human rights and economic interests.

This, I believe, is the solution to the dilemma of U.S.-China relations.

Daily Runs Wei Jingsheng Advice to Investors

*HK2405120094 Hong Kong LIEN HO PAO in Chinese
21 May 94 p 10*

[Article by dissident Wei Jingsheng written in Xiaoxitian, Beijing, on 29 December 1993: "How To Invest in China—To Ensure Their Economic Interests, Foreigners Should Make Political Investments First"]

[Text] Normally, whoever plans to do business should accumulate experiences, learn the knack from others, and, when he has some certainty of success, then proceed to risk his or someone else's money. Few people do business by following professors' guidance, and still fewer businessmen consult politicians. This is because what professors can tell you and what politicians can help you with are already guaranteed and relatively fixed things in this society or economic environment; that is, the constants and invariable factors in economic activity. What really requires the talent and wisdom of entrepreneurs or, in other words, what contains both risks and opportunities are the variables that are relatively unfixed and that do not have or cannot have any element of security.

All talented entrepreneurs attain major successes by giving play to their foresight and judgment in the elusive fields, or by a fluke. To put this issue in a different light, the more security the economic system (not just the market) and the legal system of a country or society can offer, the fewer domains of risk and the smaller the risks. Such an environment gives more security not only to the income of wage earners, but also to the benefits of entrepreneurs and businessmen, because entrepreneurs and businessmen can concentrate their time and energy on a relatively small number of variable fields; their efficiency can certainly increase in direct proportion; and their luck will also improve in direct proportions, though not everybody will have good luck.

The development history of the developed countries illustrates this point very well. By lateral comparison, it might be hard to draw a simple, clear, and revealing

conclusion due to obscuring factors, such as culture, traditions, history, geography, resources, and varying population quality of different countries. Some professors like to describe things in the most complicated way and take the least lucid approach, as it helps them publish voluminous monographs and reduce the number of critics (through making the readers confused and disorientated by lengthy and dull academic writings and therefore unable to make head or tail of what the critics are talking about). However, to avoid letting opportunities slip by, businessmen and those who administer a country must solve problems in the most lucid way and must take the simplest and clearest approach. Therefore, I just want to make this simple point on this issue: By longitudinal comparison, only when the authority and fairness of each country's legal system keeps improving can the rights and interests of the people (including businessmen) have increasing levels of security and can the people's business performance improve in direct proportion. I have always maintained that businessmen have varying talents which are not in direct proportion to their level of education, because those who have higher academic scores are not necessarily winners in the business world.

A review of how some countries became prosperous clearly indicates that economic environment and legal security are indispensable for each country or society to improve its economic performance and are also the first issue to consider for private investors. Whoever does not believe this can review or read the history of his own country's process of reaching prosperity again or can consult veteran businessmen who have gone through such a history. Most of them will agree with the simple conclusion I have drawn. But never consult professors who have voluminous academic publications to their credit. I am afraid that will not help you come to a correct conclusion, because not everybody can avoid being confused and disorientated by lengthy and dull reasoning like professors can.

China's investment environment happens to be related to our conclusion mentioned above: This is the very reason why China, a country with rich business experience, has failed to bring forth large numbers of entrepreneurs or successful businessmen, because China lacks the constants in its economic environment that Western countries possess and lacks an effective and fair legal environment—not because the Chinese lack the talent for doing business or do not want to become rich.

Some Western businessmen arrogantly claim: "China does not protect its people's property from being violated, but does protect the property rights of us foreigners." Some canvassers for the Chinese Government (not just Chinese) would pledge to everybody by saying something like "though China's economic and legal environments are not good, the Chinese Government will give the most favorable conditions to the foreign businessmen."

I think those who say such things are all liars or at least lack judgment and foresight. If you risk your money or others' money according to their prediction which reflects a lack judgment, the risk will certainly be many times greater than that in your own country. Because ordinary people are used to judging situations by referring to the experience they have gained in their own countries, there are always people who will be duped, just like someone accustomed to the wealthy life-style in a Western country finds it hard to imagine how a Chinese person can live on an annual income of a few dozen U.S. dollars or a businessman who is used to operating in a Western society with legal security finds it hard to imagine what kind of risk is involved in a country like China, which has no legal security. In fact, if I am to give a list of risks that you may encounter, it will be as lengthy as a professor's monograph. I can only tell you this in the simple manner that we are accustomed to: When you have security, it is easy for you to know what kind of security exists; when you have no security, generally speaking, it is impossible for you to realize all the risks that will come up.

Moreover, by common sense reasoning, one can easily see that, for a government that is not prepared to create a good economic environment for its own people, the favors it extends to foreigners means unfair treatment for its own people. Even if this policy truly can ensure the materialization of this kind of favor over a long period of time, the people of this country will not be able to tolerate such unfair treatment for a very long time. They will use all possible means to change such unfair treatment. As is well known, past history tells us that, whenever there is a major change in society, many extremely unfair things will turn to the other extreme. In other words, unfairness will transfer from the country's own people to foreigners. Many facts that have emerged since the beginning of this century have proved this, especially when foreigners participated in the exploitation and oppression of the country's own people and especially when this oppression and exploitation went so far as to cause the majority's hatred to override reason. Even the greatest politician had to give in to this widespread and profound retaliatory sentiment.

Though the Chinese are a very reasonable people, they require others to be equally reasonable. Furthermore, the Chinese have always despised businessmen who are solely bent on making profits or who are even rich and cruel. Therefore, the main issue in the context of investing in China is the imperious need to make political investment first. Helping the Chinese and creating a good economic environment for foreign businessmen themselves is the only way to provide security for everybody's economic interests. China's enormous market potential is very appealing, but if investors do not invest in helping China's most reasonable democratic reform forces, but instead allow reactionary autocratic forces or other forces that are hard to identify in advance determine China's future, it will be disadvantageous not only to the Chinese, but also to foreign businessmen investing

in the Chinese market. This is because, no matter what passport you hold, you become a member of the Chinese economic system once you start operating in China, and passports mean nothing in the market. Naturally, however, if you want to follow the example of many individual business operators in China and "make a fortune and slink off before the communists wake up to it," you can indeed make quite a lot of money against your conscience. But I want to warn you: You better get out in time, or you may land in a mire from which you will not be able to pull out your legs.

Political Bureau To Meet on Economic, Political Issues

*HK2505033694 Hong Kong LIEN HO PAO in Chinese
25 May 94 p 2*

[Report by staff reporter: "Beijing Leaders Inspect Various Localities, Political Bureau To Hold Meeting To Deal With Loss-Making State Enterprises and Soaring Prices"]

[Text] On the eve of the fifth anniversary of the 4 June incident, members of the CPC Central Committee Political Bureau left Beijing to conduct "investigations and studies" in various localities. They have returned one after the other to Beijing in recent days. Reportedly, the Political Bureau will hold an enlarged meeting within the next few days to study the current political and economic situation and work out relevant countermeasures.

During the politically sensitive period in May, General Secretary Jiang Zemin assumed personal command in Beijing while vice chairmen Liu Huaqing and Zhang Zhen of the Central Military Commission inspected group armies of the navy and the ground forces respectively.

With two topics in mind, the other Political Bureau members left for inspection tours of other localities.

Following his visit to Inner Mongolia in early May to find out about the unity situation among various nationalities and the circumstances of large and medium state enterprises, Premier Li Peng made a five-day inspection tour of Jiangsu from 17 to 22 May. In particular, he inspected local commodity production bases and large and medium-sized state enterprises. In the course of economic development, he urged them to maintain a balance between local interests and central needs.

Vice Premier Zhu Rongji inspected grain production and the grain purchase and marketing system of the Hangjiahu plain from late April to early May. He handled the question of cultivated land lying idle in the coastal areas, called for settling the problem through legislation, and urged the local government to keep prices under control. Later, he summoned an economic work conference of seven central plain provinces in Wuhan and Zhengzhou from 13 to 22 May to settle the

problems in grain and cotton production, purchase, and marketing and to check the deficits of the state enterprises in these provinces.

Hu Jintao, member of the Political Bureau Standing Committee in charge of party affairs, inspected Henan's rural areas from 14 to 18 May to specially resolve the problems of party organizations at the basic levels. He called on the party organizations to unite the masses and maintain stability.

Li Ruihuan, member of the Political Bureau Standing Committee, visited five northern European nations from 18 to 22 May. Following a private visit to Australia and New Zealand, Tian Jiyun returned to China via Hong Kong on 12 May and made a seven-day inspection tour of Shenzhen and Guangzhou. Qian Qichen inspected Sichuan and Li Lanqing inspected Guangdong's Zhuhai while Wu Bangguo, Chen Xitong, and Jiang Chunyun made investigations and studies of their respective regions.

Following their inspection tours of various localities, it is said that the Political Bureau members will hold meetings in Beijing to settle state enterprise deficits, suspension of production, and unemployment and petitions arising from these, as well as the problems of a standstill in agricultural production, peasants allowing their fields to lie idle, difficulties in purchasing and selling grain and cotton, the issuance of IOU's, and peasants' complaints.

Viewed from the overall situation, the mainland's tightened economy has resulted in a drop in the scale of capital construction, investment, and other quotas. However, prices remain high. Despite the relaxation of contradictions, economists hold that there is little room to maneuver in macroeconomic regulation and control, and the situation is by no means optimistic.

As a matter of fact, the current political situation is grimmer than the economic situation. Beijing looks relaxed externally but is tense internally and massive forces are stationed there to prevent trouble. However, people in Beijing believe that the municipality is tranquil and no trouble is likely to occur. If there should be trouble, it will probably take place in the heavy industrial bases, areas inhabited by minority nationalities, and the traditional grain production bases.

According to common practice, important topics at the current enlarged meeting of the Political Bureau will include emergency measures adopted to deal with U.S. extension of China's most-favored-nation [MFN] trading status, partial extension, or sanctions imposed on certain products.

Article Views Position, Performance of Jiang Zemin

HK2505080894 Hong Kong SOUTH CHINA MORNING POST in English 25 May 94 p 23

[By Willy Wo-Lap Lam]

[Text] A major paradox of Chinese politics is that the titles and perquisites of would-be helmsman Jiang Zemin have grown at the same rate that affairs of state have become more rudderless.

In the early 1980s, New Helmsman Deng Xiaoping told foreigners he had no worries because his two lieutenants, then party boss Hu Yaobang and then premier Zhao Ziyang could "prevent the heavens from falling".

Can President and party General Secretary Jiang hold up the sky? Events since late last year have shown that Mr Jiang, who is also Chairman of the Central Military Commission [CMC] and head of the party's Leading Group on Finance and Economics, has been less than adept at preventing the ship of state from lunging first to port, then to starboard.

Such flip-flops include Beijing's half-hearted pursuit of the austerity programme in the third quarter of 1993 and so far this year.

Western economists have also been baffled by the authorities' lily-livered efforts to restructure the ailing state enterprises. Calls made last November for radical surgery have metamorphosed into Premier Li Peng's warning last week "not to draw an equation mark between state-owned firms and economically inefficient enterprises".

Cynics have cited Mr Jiang's lack-lustre performance as party boss and mayor of Shanghai from 1986 to 1989 and his uneventful stint in the Ministry of Electronics from 1982 to 1985.

An equally plausible explanation, however, may be that Mr Jiang, who is also the head of the party's Leading Group on Taiwan Affairs and Honorary President of the China Software Industry Association, might be too busy pursuing portfolios and peddling influence.

Analysts were flabbergasted to learn last month that the supremo had put one more feather in his cap: Honorary Chairman of the China Red Cross. Attempts, however, by Mr Jiang to draw the 3.2 million-strong People's Liberation Army (PLA) into his fiefdom have raised the most eyebrows. Beijing tabled bills this month specifying that the CMC chairman must be a cadre without military insignia, and that the position of first-grade general be abolished. This was interpreted as a move to shore up Mr Jiang, who has no army credentials.

In addition to installing cronies to key PLA slots, Mr Jiang has pulled out all the stops to ensure the loyalty of the People's Armed Police (PAP).

Since Tiananmen Square, the brief of the PAP, whose strength is estimated at 800,000, has been changed to quelling "internal disorders". The para-military force has thus become a potent weapon in the post-Deng power struggle.

PAP Commander Ba Zhongtan, a Jiang appointee, scandalised his less-politicised colleagues recently by

asserting that the first duty of his force was to "protect party and state leaders", an unobvious reference to mentor Mr Jiang. Analysts said General Ba's statement was tantamount to former Chief Political Commissar General Yang Baibing's claim in 1992 that the PLA's main task was to provide "an imperial escort" for Mr Deng's southern China tour, when radical reform initiatives were unveiled.

Though Mr Jiang is but a helmsman in waiting, he and his personal office have built up a personality cult worthy of that of Great Helmsman Mao Zedong. After Mr Jiang's "triumphant summit" with U.S. President Bill Clinton in Seattle last November, PLA commissars urged the generals to heap praise in internal meetings on the statesmanlike exploits of the "President of the Republic". Last June, Mr Jiang fired the chief editors of the People's Liberation Army Daily for lese-majeste, putting his interview with CNN on the back page.

During this year's Lunar New Year, Mr Jiang hosted a banquet for the editors of the national media in an apparent effort to boost his already ubiquitous profile. Chinese journalists say that not since Chairman Mao has a top cadre issued so many personal directives to newspapers and TV stations.

The President's most recent instruction to party and media is reportedly an eight-point exhortation on preventing unrest, boosting agriculture, pacifying laid-off workers, and curbing corruption. Yet like all Jiang-inspired propaganda, the edict bore this overriding theme: highlight the president's status as the "core" of the new leadership and Mr Deng's anointed heir.

Which leads us to a paradox in recent Chinese history: unlike Mr Hu or Mr Zhao, Mr Jiang was not Mr Deng's personal choice as successor. In the heady days of the 1989 "turmoil", Mr Deng acquiesced in the recommendation of conservative elders such as Li Xiannian and Chen Yun that "trustworthy Marxist" Mr Jiang took over from Mr Zhao.

From then till the death of his chief patron Mr Li in mid-June, Mr Jiang displayed his expertise at what the Chinese call fengpei ("Wind Faction") politics by bending now with the New Helmsman and now with the former state president.

His "protege's" failure to help propagate a new wave of reform was a key reason why Mr Deng needed to go south in early 1992 to proselytize to Guangdong's capitalist roaders.

Luck, which is as important to Mr Jiang's rise as palace intrigues, however, is with the president.

After Mr Li's death, the Wind Faction affiliate knew his fate was linked with that of Mr Deng. And Mr Jiang began at least to make the right noises about market reforms.

A senior Chinese source said if Mr Li had died a year later—and Mr Jiang gone on with his duplicitous game

of pleasing two masters—Mr Deng would have dumped him in late 1992 or early 1993.

By late 1993, however, a pathetically frail Mr Deng had become a hostage of history. With "stability" uppermost in his mind, the patriarch could not but continue to funnel support to one of the few leaders who had sworn he would never overturn the verdict on June 4.

Also by then, however, it had become apparent that the mantle thrust upon Mr Jiang was way too big for the 68-year-old. It is Mr Jiang who, playing fengpai politics to the hilt, is responsible for some of the most maddening tergiversations in policy.

The first signal that the retrenchment policy of Vice-Premier Zhu Rongji was being watered down came when, visiting southern China last September, Mr Jiang told the local "warlords" they could again go for no-holds-barred development.

On the eve of the watershed party Third Plenum last November, a pro-Beijing paper in Hong Kong trumpeted how Mr Jiang helped to "liberate our thoughts" by no longer insisting that state enterprises be the mainstay of the economy.

The shift to bailing out the dinosaurs, however, was also made by Mr Jiang, who told cadres in Shanxi province in February that Beijing would "provide necessary assistance and support" to the country's least efficient sector.

Qiao Shi Inspects Tianjin 15-18 May

OW2405203194 Beijing XINHUA Domestic Service in Chinese 1215 GMT 19 May 94

[By XINHUA reporter Zhu Yuquan (2612 3768 3123) and TIANJIN RIBAO reporter Wang Hong (3769 1347)]

[Text] Tianjin, 19 May (XINHUA)—While inspecting work in Tianjin, Qiao Shi, member of the Standing Committee of the CPC Central Committee Political Bureau and chairman of the Standing Committee of the National People's Congress, stressed that it is necessary to take advantage of the opportunity that the international and domestic situations are favorable to China's modernization drive, deepen reform in a down-to-earth way, open wider to the outside world, and promote development.

From 15 to 18 May, Qiao Shi, accompanied by comrades Gao Dezhan, Li Jianguo, Li Shenglin, and Nie Bichu, inspected Tianjin Steel Tube Company, Tianjin Mini Automobile Plant, Tianjin Forging Press Plant, Changcheng Television Company Limited, Honda Motorcycle Company Limited, and Xiaonanhe Duck Farm in Xiqing District. He also visited the Tianjin Broadcasting and Television Tower. While in Tianjin, Qiao Shi heard work reports made by the municipal party committee and government and held a discussion meeting with the principal leaders of the municipal people's congress standing committee.

As Tianjin is the largest open coastal city in north China, Qiao Shi shows great concern for its reform, opening up to the outside world, and economic development. He said: Since the Third Plenary Session of the 11th CPC Central Committee, Tianjin has done a good job in making an early start in opening to the outside world. As a result, it has achieved faster and better results in developing its economy. So long as it advances in a pioneering spirit, deepens reform, and opens up wider to the outside world on the basis of its current foundation, Tianjin will achieve better results in development and will be able to play an important role in promoting opening up and economic development in China's northern region.

Expressing concern for the implementation of reform measures, he said: The current international situation is developing in a direction favorable to China's development. Domestically, China enjoys social stability and the economy is growing in a sustained way. The general situation is good. We must seize this rare historical opportunity and deepen reform in a down-to-earth way. Since the fourth quarter of last year, big strides in reform have been taken with the introduction of more reform measures. This is absolutely necessary, and the direction is correct. Practice has proved that the results are good. Regarding the implementation of these reform measures, we still have a lot of practical work to do. With regard to the specific problems encountered in the course of deepening reform, we should, after investigations and studies, solve them one by one according to the order of urgency. Only thus can we thoroughly implement reform measures. Leaders at all levels and cadres must understand the strategic significance of the reform measures drawn up by the party Central Committee, and lead the masses of people to vigorously push forward our reform cause.

As state-owned large and medium-sized enterprises account for a large part of Tianjin's industry, Qiao Shi seriously inquired about their conditions. He fully affirmed the merit of the Tianjin leadership in attaching importance to deepening the reform of enterprises. He said: To improve state-owned large and medium-sized enterprises, leaders must pay attention to these enterprises, strive to solve some crucial problems for them, guide them to compete in the market, and encourage them to deepen reform, to enliven their operating mechanisms, and to raise efficiency. We should encourage enterprises to study and introduce advanced technologies and management experiences. Through reform and studying advanced experiences, enterprises will be able to upgrade the quality and level of their equipment, technology, products, and management. We should enhance the skills of workers through various forms of training. We must strive to reduce enterprises' burden by establishing, step by step, a social insurance system, so as to create a good condition and environment for enterprises to develop. State-owned large and medium-sized enterprises will show great vitality in market competition after they truly improve their operating mechanisms and enhance economic efficiency.

Turning to agricultural issues, Qiao Shi stressed: China is a huge country with a large population. We must never slacken the production of major farm products such as grain, cotton, and oil-bearing crops. At the same time, we should also develop a diversified economy in light of local conditions. In suburban areas, particular attention should be given to the "vegetable basket project." Qiao Shi said: We should regard the surplus labor in rural areas as an important resource and make use of it through different ways. For example, we should organize them to build roads and water conservation facilities. He also said: The development of village and town enterprises and the building of small towns step by step will further change the outlook of China's countryside. At the same time, the surplus labor will have an important role to play in the course of construction.

During a discussion meeting with the principal leaders of the Tianjin Municipal People's Congress Standing Committee, Qiao Shi said: Tianjin has done a great deal of work to improve socialist democracy and strengthen the legal system. I hope Tianjin will strengthen studies and do a better job in this regard. He stressed: Strengthening democracy and the legal system is very important to the smooth progress of modernization and the building of socialism with Chinese characteristics. People's congresses bear heavy responsibilities in making laws, in exercising supervision, and in doing other fields of work. We must work hard and strive to gradually establish a framework for a legal system for a socialist market economy. People's congresses at all levels should forge close ties with the masses, expand democracy, proceed from fundamental interests of the people and the state, conscientiously exercise their functions, strictly observe laws, and carry out their role fully. Qiao Shi expressed the hope that in the course of making laws, exercising supervision, and doing other work, local people's congresses should vigorously make explorations, sum up new experiences, proceed from reality, and go on playing their role and making innovations. People's congresses at all levels, particularly grass-roots people's congresses, should make constant efforts to strengthen themselves to meet the needs of work.

Qiao Shi said: So long as we stick to the central task of economic construction, adhere to the party's basic line, earnestly grasp two links, and effectively develop the economy to raise the people's living standards step by step, we will be able to gradually solve the problems we are experiencing. Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, if we conscientiously implement the guidelines of the 14th CPC National Congress and the Third Plenary Session of the 14th CPC Central Committee, we will be able to realize the strategic objective of quadrupling our GNP by the end of this century and to lay a sound foundation for development in the next century.

Qian Qichen Inspects Hubei Province

OW2405130494 Beijing Central Television Program
One Network in Mandarin 1100 GMT 23 May 94

[From the "National News Hookup" program]

[Text] During his 21-22 May inspection trip to Hubei, Qian Qichen, vice premier of the State Council, expressed his desire to see Hubei seize the opportunity to open up and develop along the Chang Jiang, open wider to the outside world, and accelerate development to effectively contribute to the strategy of opening up and developing the Chang Jiang area. [Video begins with long shots of Qian Qichen walking with a crowd of unidentified people]

While in Hubei, Comrade Qian Qichen successively went right to the mountainous regions in western Hubei and to Yichang City to survey the localities' opening up and development on the spot. He also heard reports on how Hubei Province properly handles the relationship between reform, development, and stability; ensures social stability; and maintains favorable trends in economic development. [Video shows long shots of Qian Qichen watching a television screen and later, standing on a boat which appears to be moving along a river.]

Qian Qichen pointed out: Hubei has a very prominent, strategic position in the strategy to open up and develop the area along the Chang Jiang. The province should further step up the pace of opening up and development, work in concert with Pudong from an advanced level, and promote and serve as a hub for rapid economic development in inland regions along the Chang Jiang.

Song Jiang Urges Curbing Pollution of Huaihe

OW2405145594 Beijing XINHUA in English 1420
GMT 24 May 94

[Text] Hefei, May 24 (XINHUA)—Chinese State Councillor Song Jian has urged local governments in the Huaihe River Valley to take effective measures to curb pollution which has severely affected this river in east China.

The river water must become clean again by the end of this century so that the river can again benefit local people living along its banks, he said today at a meeting to check on the environmental protection of the Huaihe River Valley.

Local enterprises that run at low economic efficiency and cause serious pollution but lack efficient measures to curb pollution must be closed or switch to other products with less pollution, he said. Those enterprises that bring heavy pollution but are able to harness pollution must do it within a limited period.

In addition, urban sewage treatment facilities must be built in a group of cities, the state councillor said. The Huaihe River Water Resources Protection Organization, formed by departments of the four provinces concerned

and departments of the State Council, should be further improved and a supervising network on the pollution of the Huaihe River be established.

The third largest river in China, the Huaihe River runs across four provinces—Henan, Anhui, Shandong and Jiangsu—its drainage area covering 269,000 sq km, with population topping 150 million.

Since the beginning of the 1980s, the main tributaries of the river and the river proper became increasingly contaminated owing to a fast-growing local economy and urbanization.

Song, also minister in charge of the State Science and Technology Commission, inspected many parts along the river to investigate the state of pollution. He also visited local farmers' families that have suffered from the pollution.

He urged local officials to cooperate with each other in taking comprehensive measures to ease the pollution so that a better environmental condition can be created for the valley in the 21st century.

Cities To Achieve Secondary Provincial Level Status

HK2405143694 Beijing ZHONGGUO XINWEN SHE
in English 1136 GMT 24 May 94

[Text] Beijing, May 24 (CNS)—The Central Organizational Establishment Commission has decided to raise the administrative ranks of 16 cities to secondary provincial level.

Based on the economic and political status as well as their functions as the central cities which are provincial capitals and six independent planning cities, after the discussion of the sixth meeting of the Central Organizational Establishment Commission and with the approval of the State Council of China, the administrative ranks of those sixteen cities are set to be secondary provincial level. They are: Guangzhou, Wuhan, Harbin, Shenyang, Chengdu, Nanjing, Xian, Changchun, Jinan, Hangzhou, Chongqing, Dalian, Qingdao, Shenzhen, Xiamen, and Ningbo.

Civil Defense Facilities Put to Economic Use

HK2505050294 Beijing ZHONGGUO XINWEN SHE
in English 1135 GMT 24 May 94

[Text] Beijing, May 24 (CNS)—China has earned over RMB 10 billion [renminbi] in development and utilization of underground civil air defense installations.

China built a batch of underground civil air defense installations in line with the overall layout of urban transformation and construction. These facilities designed for people's air defense have to date been turned for civil uses and shown a good economic result, making contributions to social development in the country.

Beijing municipality, for example, has developed and used 1.2 million square metres of such facilities with tens of thousands of underground shopping malls, hotels, inns, warehouses, offices, workshops, car parking areas and recreational grounds being built. Their annual output value has reached RMB 630 million.

Shanghai, Jiangsu, Anhui, Zhejiang, Jiangxi and Fujian have also made good achievements in this sector and the annual output value obtained in each province or city has been more than RMB 1 billion.

In addition, many cities have used the above-mentioned facilities for disaster relief and prevention purposes.

National Plan for Eliminating Poverty Detailed

OW2405135994 Beijing XINHUA Domestic Service in Chinese 0447 GMT 18 May 94

["National Fortifications-Storming Plan for Supporting 80 Million Impoverished People Over the Next Seven Years (1994-2000) (Excerpts)"—XINHUA headline]

[Text] Beijing, 18 May (XINHUA)—Socialism must eliminate poverty. To further solve the problem of poverty in rural areas so as to narrow the gap between regions in east China and those in west China, and to achieve the goal of common prosperity, the State Council decided to concentrate manpower plus material and financial resources by mobilizing the forces from all walks of life from 1994 to 2000, and to strive to basically solve the problem of food and clothing for the 80 million people living in poverty in rural areas across the country in about seven years. This is a very arduous fortifications-storming battle. To this end, the State Council drew up a "National Fortifications-Storming Plan for Supporting 80 Million Impoverished People Over the Next Seven Years." It is a program for the work to be carried out nationwide over the next seven years to help poor areas achieve development, and constitutes an important integral part of our program for national economic and social development.

I. The Situation and Tasks

It has been a consistent policy of the party Central Committee and the State Council to support the impoverished areas to change their face of poverty and backwardness as quickly as possible. Especially since the mid-1980's, the state has carried out large-scale, organized work to support the impoverished areas across the country in a planned way. The state increased input by a big margin to support the impoverished areas, formulated a series of help-the-poor policies and, furthermore, carried out fundamental reform and adjustment of the help-the-poor work done in the earlier period, thereby bringing about a change from the delivery of relief to the offer of support to poor areas in achieving development. After strenuous efforts by the state for years, the problem of poverty in rural areas across the country has been noticeably eased and the number of impoverished people whose problem of food and clothing remains yet to be

completely and steadily solved has decreased to 80 million. It was a tremendous historical achievement and proved that the help-the-poor principle and policy formulated by the party Central Committee and the State Council were correct and fully demonstrated the superiority of the socialist system.

Though the number of people living in poverty does not represent a large percentage of the rural areas' total population across the country, the tasks to help poor areas achieve development are very arduous. These people mainly concentrate in the impoverished counties which the state focuses its attention on supporting. These counties are scattered over remote mountain areas, rocky mountain areas, deserts, high mountains where it is very cold, loess plateau areas, areas with a high incidence of endemic diseases, and dam areas. Their common characteristics are remoteness, inconvenient transportation, lack of proper care for ecological environment, sluggish economic development, shortage of potable water supply to people and livestock, and extremely bad production and living conditions. These are the main fields for our fortifications-storming battle to support the impoverished areas.

The establishment of a socialist market economic system has brought unprecedented opportunities and broader prospects for poor areas' development. Paying close attention to helping poor areas achieve development to solve the problem of food and clothing for the masses in these areas as quickly as possible, to change their situation of economic backwardness, and to ease and eradicate poverty is a great undertaking that has important and profound economic and political significance under the new situation. Therefore, governments at all levels must uphold Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics and the party's basic line, adhere to the principle "while giving top priority to efficiency, we must pay attention to fairness at the same time," and further improve the work of helping poor areas achieve development.

2. The Goals After Which We Strive

The standards for solving the problem of food and clothing for the impoverished population by the end of the century:

- We must attain a comparatively greater increase in the per capita net annual income of the overwhelming majority of impoverished households.
- We must support impoverished households to create basic conditions for steadily solving their food and clothing problems. In areas where conditions permit, half to one mu of basic farmland with steady, high yield must be cultivated by one person on the average; one mu of orchard or farmland for cash crops must be cultivated by one household on the average; one worker per household must be transferred to a village and town enterprise or to a developed area; and, on the average, one household must be engaged in one agricultural project or other sideline production. In

pastoral areas, on the average, every household must have a plot of fenced grassland or an "enclosure of grassland." Meanwhile, efforts must be made to consolidate and expand the achievements scored in helping poor areas promote development so far, and to reduce the number of people who relapse into poverty.

We must carry out construction of more infrastructure projects. We must basically solve the problem of shortage of potable water supply to people and livestock. We must build highways to reach the overwhelming majority of impoverished townships and towns as well as the localities that produce commodities and have rural fairs. We must make electricity available to all counties and to the overwhelming majority of impoverished townships.

We must change the situation of backward education, culture, and public health. Efforts must be made to basically popularize elementary education; to vigorously wipe out illiteracy among youngsters; to conduct adult education, vocational education, and technical training in a bid to enable most of our young workers to familiarize themselves with one or two practical skills; to improve conditions for medical treatment and public health in order that we may prevent, treat, and reduce endemic diseases and prevent deformities; and to strictly implement family planning in a bid to bring the natural growth rate of the population under control and within the limit set by the state.

3. The Guiding Principle and Measures

Continuing to adhere to the guiding principle of supporting the poor through development: It is necessary to encourage large numbers of cadres and people in impoverished areas to work hard and self-reliantly and, under the state's support and by relying on advanced science and technology, exploit and utilize local resources to develop the production of commodities in market demand, thereby solving the problem of food and clothing, shaking off poverty, and becoming well off.

Basic measures for helping the poor in development:

- Giving priority to projects for developing crop-planting, fish-breeding, and related processing and transportation industries that require small investments but can yield quick and good returns, cover broad areas, and directly contribute to the solution of the problem of food and clothing.
- Actively developing resource-exploiting and labor-intensive village and township enterprises that can bring into full play the advantage of local resources while providing ample job opportunities to impoverished households.
- Expediting the development and utilization of wasteland, barren mountains, uncultivated slopes, and undeveloped beaches and waters through the compensated lease of land or transfer of the land use right.

- Developing the supply of labor service to developed areas in a planned and organized way to actively facilitate a rational and orderly flow of laborers from poor areas.

- Helping poor areas develop by resettling a small number of villages and farm households with extraordinary difficulties in subsistence and development conditions.

Main forms for supporting the poor through development:

- Exploiting local resources to develop the production of competitive famous-brand, special, rare, and quality goods in accordance with market demands. A legion of households in the whole area should be organized under unified planning to engage in the development of specialized production and to gradually establish large-scale commodity production bases or regional pillar industries.
- Persisting in setting up support-the-poor economic entities, which combine trade, industry, and agriculture and which integrate production, processing, and marketing to contract developmental projects. Maintaining ties with both outside markets and local farm households, these economic entities should provide serialized services to farmers before, during, and after productive seasons; and should help the masses cast off poverty and become well off.
- Guiding poor areas having no condition for setting up enterprises to bring capital and labor to invest, on a voluntary basis, in the development of secondary and tertiary industries in selected rural towns and small industrial zones having a better investment environment.
- Expanding the exchange of cadres and economic and technical cooperation between poor and developed areas.
- Helping poor counties set up backbone enterprises to overcome financial difficulties of counties and build up their capability for self-development, while giving priority to solving the problem of food and clothing.
- Helping poverty-stricken disabled people with rehabilitation programs.

4. The Management and Use of Funds

To ensure the implementation of this plan, the state's various budgetary funds and credits will be continued until the year 2000. The time limit for the funds for providing work as a form of relief and the special funds for the construction of the "sanxi" areas [the three poorest areas—Gansu's Dingxi and Hexi, and Ningxia's Xijie-Haiyuan-Guyuan sector] will remain unchanged. The time limit for using support-the-poor credits for projects requiring long-term development will be extended as deemed necessary.

The State Council has decided to increase, from 1994 through 2000, the funds for providing work as a form of relief and support-the-poor loans with discount interest rates. Along with the growth of financial revenues, the state will continue to increase funds to support the poor.

Local governments at various levels should, based on the work to help the poor, increase their support-the-poor funds year after year so as to ensure the realization of this plan.

It is necessary to readjust the regional structure of investing state funds to support the poor. The central government's credits to support the poor should be concentrated on the severely poverty-stricken central and western provinces and regions.

All provinces and regions concerned should make necessary readjustment of investing funds to support the poor based on this principle.

Central appropriations, credits, and funds for implementing the policy of providing relief in exchange for work should be spent mainly on poverty-stricken counties on the state priority list. Funds of relevant provincial and regional governments and central departments should be used in coordination with these funds, with impoverished villages in counties designated as poverty-stricken being the target areas of such funds and projects. Funds for scattered impoverished villages or rural households in counties not designated as poverty-stricken should be arranged by local governments.

Bank loans for helping the poor should be given to development projects that promise good economic returns and are capable of repaying the loans. Poverty alleviation funds from the treasury should be used mainly on projects that yield good social benefits. Additional appropriations for relief in exchange for work should be used on building and mending roads and on solving drinking water shortages. Priority should be given to roads linking up villages with commodity producing areas, rural fairs, and to roads built as support facilities for poverty-alleviation development projects. The three types of funds should be used in a well-coordinated manner to improve overall efficiency of fund utilization.

It is necessary to reform the way poverty-alleviation funds are used and managed by introducing a mechanism of self-regulation and incentive, and by tightening the fund auditing system. It is strictly forbidden to misappropriate poverty-alleviation funds; violators will be called to account.

5. Policy Guarantees

—Take the actual conditions into account in granting poverty-alleviation credits to impoverished households or economic entities set up to alleviate poverty. Conditions for loans may be appropriately eased for projects that yield good economic returns and can guarantee loan repayment.

—State-owned commercial banks should set aside a certain amount of funds to help selected projects in poverty-stricken areas that yield good economic returns and are capable of repaying the loans.

—More financial assistance and commercial credits should be given to poverty-stricken counties in the six coastal provinces—Guangdong, Fujian, Zhejiang, Jiangsu, Shandong, and Liaoning—and to counties in other provinces and regions that only recently cast off the label of being poverty-stricken. The amount of such input should, as a general rule, not be lower than the support these counties used to receive from the state.

—Newly established enterprises in areas designated by the state as "old revolutionary base areas, areas inhabited by minority nationalities, frontier areas, and poverty-stricken areas" should have all or part of their income tax returned to them in the first three years of operations.

—Governments at all levels should list poverty-alleviation funds in their budgets and see to it that these funds are spent on help-the-poor development projects.

—To alleviate the increased burden of peasants in poverty-stricken areas brought about by the lifting of price controls over capital goods and by rising grain prices, the provinces, autonomous regions, and municipalities may use local grain risk funds to appropriately subsidize the impoverished households living off grain resold to them by the state.

—In deciding on centrally or locally-funded development projects, favorable consideration should be given to poverty-stricken areas well-endowed in resources. When establishing large and medium-sized enterprises in a poverty-stricken area, central, provincial or regional governments should take into full account local interests and properly balance local and state interests.

—When formulating and implementing industrial policy, the state should take into account the special characteristics of poverty-stricken areas and give them support and help accordingly.

—We should, pursuant to the principle of preferential treatment, give priority to the development of import and export trade in poverty-stricken areas by incorporating it into the government plans.

6. Tasks of Government Departments

Government planning, foreign and internal trade, agricultural, forestry, water conservancy, science, education, industrial, communications, labor, civil affairs, nationalities, cultural, public health, family planning, finance, banking, industrial and commercial administrations, and customs departments should—in line with the general requirements of this plan—formulate their own

poverty-alleviation plans for the period of the Eighth Five-Year Plan. They should fully utilize their respective strengths and implement a policy of favorably tilting toward poverty-stricken areas in terms of funding, material, and technological support. They should implement positive measures to help poverty-stricken areas develop the economy pursuant to the requirements of poverty-alleviation development and their respective functions.

7. Mobilization of Society

Central and local party and government organizations, as well as enterprises and institutions where conditions permit, should actively commit themselves to helping certain selected poor counties, and their commitment should remain unchanged for several years until the recipients of their assistance get rid of poverty.

All democratic parties and the federations of industry and commerce should take advantage of their abundant manpower and technological resources, and their wide connections to further help poor regions in scientific and technological application, and in the development of intellectual resources. They should help poor regions in personnel training, popularization of technologies, acquisition of information, and promotion of economic and technological cooperation.

Trade unions, Communist Youth League organizations, women's federations, science and technology associations, and federations for the disabled at all levels should actively take part in the help-the-poor development work.

It is necessary to give full play to the role of the China Fund for Helping Poor Areas and other non-governmental organizations for helping poor areas.

Big cities such as Beijing, Tianjin and Shanghai, and more developed coastal provinces such as Guangdong, Jiangsu, Zhejiang, Shandong, Liaoning, and Fujian should each help one or two western provinces and regions in economic development. Large and medium-sized enterprises should be mobilized to take advantage of their superiority in technology, manpower, marketing, information, and materials to enter into mutually beneficial cooperation with poor regions; and the cooperation may be in various forms, such as economic cooperation, technological service, use of labor service, distribution of products, and exchange of cadres. If someone plans to set up an enterprise of a developmental nature in a poor region, local help-the-poor funds may be used in an appropriate way in support of the plan, and joint efforts should be made for the development.

Universities, colleges, and scientific research organizations should take full advantage of their strength in specialized personnel and technology to cooperate directly with poor regions. The cooperation, designed to raise the level of science and technology in poor regions, may be in such forms as signing of science and technology contracts, popularization of technologies, and

selection of candidates for the posts of deputy heads in charge of science and technology of counties and townships.

The People's Liberation Army and the Armed Police Force should continue to carry forward the glorious traditions of supporting the government and cherishing the people, and help local people solve the problem of food and clothing and become well-off.

8. International Cooperation

It is necessary to actively promote international exchanges and expand and develop cooperation with the international community in helping poor areas.

Efforts should be made to improve the investment environment in poor regions, and to attract, with abundance of natural resources and preferential policies, investors from abroad to come to run enterprises of a developmental nature in poor regions so as to promote economic development there.

9. Organization and Leadership

The central departments concerned and all provinces, autonomous regions and municipalities shall be organized in a unified way by the State Council Leading Group for Economic Development of Impoverished Areas to implement this plan.

While all levels, particularly the provincial level, should assume responsibility, we should persistently practice the system of the provincial governor (autonomous regional chairman, municipal mayor) assuming full responsibility for accomplishing the tasks set in this plan within the prescribed time.

All poor counties should deem it their central task to undertake developmental projects and solve the problem of food and clothing for the people, and they should seriously concentrate on implementing the plan for tackling tough poverty problems. The Provincial (regional), prefectural (autonomous prefectural), and city authorities should fill and strengthen the leading bodies of poor counties with selected capable cadres who can endure hardship and have contacts with the people; they should keep the county leading bodies relatively stable; and they should regard the results in implementing the plan and solving the problem of food and clothing for the people as the major criterion for appraising the job performance of the leading cadres of poor counties, and for promoting those cadres. At the same time, efforts should be made to strengthen the grass-roots organizations of poor townships and poor villages, so that their leading bodies are capable of leading the people in achieving prosperity.

The cadres of poor regions should, as always, display the spirit of self-reliance and hard struggle and of sharing wealth and woe with the people. Before their people's basic needs in food and clothing are met, poor counties are prohibited from buying automobiles or building

guesthouses, luxurious hostels or new office buildings, and they are not permitted to upgrade themselves into cities.

It is necessary to strengthen the organizations for development of poor areas at various levels and provide them with the necessary working conditions. Their job specifications and organization should match local help-the-poor development tasks.

Article Lauds Success of Penal System, Part 5

HK2405131494 Beijing ZHONGGUO XINWEN SHE
in Chinese 0621 GMT 24 May 95

[Fifth in series of reports: "Sights and Sounds of Chinese Prisons" by staff reporter Tao Guangxiong (7118 0342 7160): "Transformation Through Labor and the Training of Personnel"—Previous installments published in the 23, 24 May China DAILY REPORT]

[Text] Beijing 24 May (ZHONGGUO XINWEN SHE)—When a foreigner visited the Shanghai Municipal Prison he found the following fact unbelievable: A police officer was watching a group of inmates, who were working with tools such as knives, scissors, and pliers in their hands but peacefully getting along with each other.

For this reason, the reporter asked a young police officer whether he had ever found such a situation scary? He said with a smile: "When I first came to work here, I felt somewhat tense but now, I am quite used to it."

A philosopher once said: "Labor is the most beautiful thing in the world." What does labor mean to criminals who have been deprived of their freedom? Having visited prisons in Shanghai and Shandong, people found that labor has transformed the world and men have transformed themselves through labor; those who used to reap without sowing can see that social wealth does not come easily; those who used to love ease and hate work now experience the joy of "reaping what one has sown"; and those who used to start trouble can see how precious is cooperation in solidarity.

The Chinese Government and its law enforcement organizations hold the view that labor is one of the basic means for transforming criminals and has corrected their bad habits through labor. However, China opposes the practice of penalizing criminals by means of labor or torturing and ill-treating them through hard labor.

Li Dezhu, now serving his sentence at Shanghai No. 7 Transformation Through Labor Unit, used to work at the Grain Bureau in Shanghai's Jingan District. He told this reporter that labor in the unit was mostly in mechanized operations and it was not at all tiring to work there. If someone overfulfilled his work quota, he would be given a bonus, to a maximum of 50 yuan a month, and the food was not bad either.

The Shanghai Administration for Transformation Through Labor requires all prisons to give work assignments to inmates according to their skills when making work arrangements. The inmates enjoy the same treatment as workers and staffers in state-owned enterprises regarding not working festivals and holidays as well as labor protection and allowances for heatstroke prevention are given to them during the hot season. Shandong Provincial Prison is undergoing experiments with the five-day week work system; the inmates must purchase labor protective items at some appointed stores, where products meeting the requirements are supplied. Should an accident take place at work, the case will not be closed until the cause and responsibility have been clarified and problems arising from the accident resolved.

Currently, the behavioral points system [ji fen kao he zhi du 6060 0433 5072 2702 0455 1653] is universally implemented in Chinese prisons. The system links the inmate's work accomplishments, attitude in admitting his or her crime, and conditions in transformation to increase or commute the penalty in order to conduct a quantitative assessment. Hence, there has been an increase in the inmates' enthusiasm for labor with competition in labor being developed. Some inmates who are found to be satisfactory in their transformation have been sent outside the prison to work, engage in farming, or to study on a trial basis so that they might be closer to the "outside world."

With social and economic development, there has been an increase in the number of economic criminal cases of embezzlement and accepting bribes. Most of the inmates in this category had intermediate or senior professional titles and were staffers in economic management. Aiming at their characteristics of being physically weak, Shanghai Municipal Administration for Transformation Through Labor put forward the principle of "educating and transforming men, nurturing and salvaging qualified people," to exploit the inmates' intelligence and encourage them to participate in invention and creation. In the seventh national "Spark Cup" competition for creations and inventions held in 1993, Shanghai's prisons won seven awards for their projects; six projects, including "Star Wars Chess" and "Automatic Rainproof Clothes Drying Rack" were awarded certificates for patent rights from the State Patent Bureau. The inmates not only enjoy the rights to the inventions but will also receive rewards from the transfer of patents; at the same time, they will be granted commutation of their sentence.

"We must open broad avenues for able people and recruit them without overstressing qualifications." This has actually been achieved in Chinese prisons. Quite a few skillful craftsmen can give play to their skills and mental labor is respected; those who have professional titles at and above intermediate levels are given monthly allowances. The inmates are unprecedentedly active in participating in technical training and studies. Shandong Universally has developed assessment through discussion for technical professional titles. One of the inmates

received a senior technical professional title while in prison, creating a precedent in China's history of transforming criminals.

Justice Ministry Official Says Prison System Effective

HK2505084594 Beijing CHINA DAILY in English 25 May 94 p 3

[By Ma Chenguang and Zhou Zongmin: "Prisons Succeed in Reforming Convicts"]

[Text] Good conditions and fair treatment have helped make China's prison system effective, a Justice Ministry official said yesterday.

The rate of ex-convicts who commit crimes after their release is less than 8 per cent, one of the lowest in the world, said Wang Mingdi, director of the ministry's reform-through-labour bureau.

He attributed this success to China's system of reforming offenders through labour and reeducation.

"We are always trying our best to reform them into productive citizens," he said.

In recent years, the government has paroled or reduced terms for 22 per cent of inmates for good behaviour.

China has 1.25 million prisoners, including 334 from abroad.

Felons that receive terms over 10 years or those unable to perform manual labour are kept in prisons. The rest are sent to labour camps.

Wang said prisoners are provided with meals and accommodation that cost the government a monthly 60 yuan (\$6.90) per person.

For foreigners kept in Chinese jails, the government spends twice as much, according to statistics from the Shanghai Municipal Prison.

Those who work receive between 30 yuan (\$3.45) and 60 yuan (\$6.9) a month.

"I am content with life here, and the food is sufficient," said Cheng Ying, a 21-year-old woman inmate at the Shanghai Women's Prison.

"All I want now is to better behave myself, and get out of prison at an earlier date," added Cheng, who was serving a two-year term for housing prostitution activities.

Better Behaviour

All inmates in China are required to work in prison factories or attend labour reform camps.

"Going for work is conducive to preparing them for once they walk out of here," said Wang.

Prisoners usually work six to eight hours a day except on weekends and public holidays.

And they are also required to attend study sessions for two to three hours a day, Wang said.

This includes political and legal education, elementary schooling and recreational activities.

Libraries, reading rooms, karaoke bars and video rooms have also been set up for prisoners. Each year 150,000 inmates receive high school diplomas and 100,000 get technical certification from labour organizations.

Special groups have even been established to encourage inmates to play musical instruments, sing and paint.

Inmates from abroad also enjoy such treatment, Wang said.

Article Urges Properly Handling Contradictions

HK2405135694 Beijing RENMIN RIBAO in Chinese 23 May 94 pp 1, 4

[Article by Ren Zhongping (0117 0112 1627): "Properly Handle Contradictions Among the People in the New Situation"]

[Text] Contradictions among the people have existed universally in our social life for a long time. The real significance in setting out this issue today lies in the fact that our cause of reform is developing in depth. The reform measures presented this year are particularly important, because they will affect the underlying structure of the interests of various social areas in a relatively broad scope, and will sooner or later affect the regions, units, and individuals to various degrees. Just as we have seen, our social life is full of vitality and is extraordinarily active; however, the other side of the coin is the complex situation created by the entanglement, collision, and friction among various kinds of contradictions. True, those contradictions take place under the prerequisite of the identification of the people's basic interests, but, if they are not handled properly, negative consequences will surface and will give rise to problems which will be serious enough to affect the overall situation. This precisely requires our leading organs and leading cadres to be aware of the times and size up the situation, to be sober and good at properly handling the relations between reform, development and stability, to firmly take the initiative in their own hands in work, to convert negative to positive factors, and to give play to mass enthusiasm for reform and construction initiatives.

I.

Today we can see a great difference in the expressive forms and characteristics of the contradictions among the people. It is very necessary for us to have a clear picture of the background to today's situation and the historical conditions that have given rise to those contradictions in order to adopt the correct policies and

strategies to appropriately arrange work. This can be generalized in the following aspects.

First, the various reform measures we are presenting today are primarily based on the goal of reform, which is to build the socialist market economic structure while continuously readjusting the interest pattern and relations in various areas, thus meeting the requirements for the development of the productive forces. When the old balance is tipped, it will inevitably result in a series of contradictions. For example, the interest relations between the central government and localities, between the local government and enterprises, between the enterprise and its workers and staffers will all undergo new changes. Generally, these changes will make the interest relations in all aspects tend to be more rational; however, every aspect has its own specific interests and hopes that it will gain benefits but not suffer losses in the readjustment of the interest pattern. That being the case, various contradictions at every tier will markedly increase. At the same time, there is the contradiction between nurturing a socialist unified market and the separatism of departments and localities, the contradiction between legitimate and illegitimate operations, and the contradiction between proper and improper competition. Under the highly centralized planned economic structure of the past, such conditions were not so obvious, but they have become increasingly conspicuous with every passing day in the course of converting to the market economy.

Second, we have been pushing forward economic restructuring amid the high-speed operation of the national economy and have been maintaining rapid economic growth in the course of accelerating structural conversion. This being the case, the entire economic environment has been relatively tense. There are several contradictions in this area: between accelerating the growth rate and improving both the economic structure and economic returns; the imbalance between the eastern coastal areas and the middle and western areas in regional economic development; between the people's expectations in their longing to improve their living standards as quickly as possible and the limited material and financial strength; and the expansion in the scale of production and increased consumer spending, which will again result in a shortage of capital and skyrocketing prices. In addition, the differences in distribution and income between different regions and between employers of different economic forms, the imbalance between those having a relatively easy time and those taking up arduous tasks in their work, and the widening gap between prosperity and impoverishment have all surfaced. And,

Third, China has also gone through profound changes in its superstructure and ideology as the country opens up wider to the outside world with every passing day. During the transitional period when the old structure is being converted to the new, both practical work and ideology have taken on extraordinary complexity and activity. For example, we will find contradictions between the issue of how to guide the market mechanism

into distribution and distribution according to work as well as common prosperity, the contradiction between the issue of how to handle the price system and existing wage and consumption policies, and the contradiction between money-worship and egoism and collectivism and between hedonism and corruption and the tradition of struggling hard amid difficulties. A solution to all these contradictions cannot be found overnight; consequently, some knotty problems and mistakes in work will often appear. Many units and departments are facing these kinds of problems, which will eventually be reflected in every individual's personal interest; this being the case, it is liable to result in fluctuations and a loss of balance to some extent in the people's thinking, psychology, and emotions.

There is no need to be evasive about the fact that a huge amount of various contradictions exist among the people today. Each pair of contradictions, however, contain the restriction of various complicated factors, which affect one another as they interact. The state's reform policy, the masses' practical interests, the people's thinking and concepts, and the effects of the social environment are more often than not interwoven. This being the case, there is a certain degree of difficulty in their solution. Our attitude is as follows: First, we must recognize that this is an inevitable phenomena in the course of social progress and development; some are old problems, but there are new contradictions as well. Our reform serves precisely to gradually resolve or ease these contradictions and iron out these kinds of problems in relations. Second, we must, at the same time, be brave in facing the difficulty and complexity of the cause of reform, adopt the correct policies and strategies to appropriately handle all kinds of contradictions and maintain the vitality of reform, while taking the opportunity to guide reform in depth.

II.

To seize the opportunity, deepen reform, expand opening up, promote development, and maintain stability is the overall direction for the work of the whole party and the whole country this year. In handling the contradictions among the people in the new situation, it is necessary to proceed from, be subject to, and serve this overall direction. Based on this understanding, in handling the contradictions among the people in the new situation, we should do a good job of grasping the following points:

First, our starting point is to resolve contradictions, iron out differences, promote understanding, and give play to positive factors. Most of the various kinds of contradictions among the people which exist today fall into the category of interest relations or issues of ideological understanding and concepts; generally, they do not have a confrontational quality. Our principle is to do more work in reconciliation, coordination, and mediation. When faced with contradictions and disputes, the leading organs and leading cadres should be good at eliminating misunderstandings, removing hurdles to

find channels for solutions, building bridges for mutual communication, and balancing the interest relations between all parties involved. Practice has pointed to the fact that understanding and communication are very important and represent an effective way to resolve contradictions. If all sides involved are able to seek common ground while reserving differences and understand and make concessions to each other—all the while taking the overall situation into account—many contradictions, including some very knotty ones, can find relatively appropriate solutions peacefully. The key lies in showing sincerity, adopting a constructive attitude, and taking practical measures.

Second, our basic train of thought is that those problems that surface in the course of reform should be resolved by deepening reform and those problems that surface in the course of development should be resolved in the same manner. Take, for example, the issue of employment—it is by no means a simple issue of making arrangements. If we fail to open up more channels for employment, do not adopt various forms of employment, and continue to rely on the government to take care of everything, a solution will be very difficult to find. To use another example, some enterprises are suffering from deficits due to poor management, overstocking of products, and attempts to sell poor-quality products at high prices. Simple protective measures cannot provide a radical solution; only by pushing the enterprise toward the market to participate in competition will the problems be solved. From a long-term point of view, development is the last word [fa zhan si ying dao li 4099 1455 2508 4289 6670 3810]; when the national economy develops, there will be far greater leeway for resolving all kinds of contradictions and problems. As social material and spiritual wealth increases, the nation becomes prosperous and strong, and the people become well off, many contradictions will be easily resolved. If the economy fails to develop, everything else will be out of the question.

Third, resolving contradictions by means of democracy and the legal system constitute an important principle which we must follow. The masses of the people are the main force of reform. Without the support and cooperation of the majority of the masses, we will accomplish nothing in our work. Hence, it is necessary to develop democracy and consult the masses on all major issues. Before a major policy is introduced, it is necessary to listen to opinions from various quarters and choose and follow what is good. After a policy is announced, it is necessary to organize the broad ranks of the cadres and the masses to earnestly implement it. At the same time, we should solicit the views of the masses and constantly revise, compliment, and improve the policy. Centering on the requirements of establishing a socialist market economic system, we have formulated a series of laws, regulations, and systems. This is the foundation for settling all kinds of contradictions and problems. No unit or individual may override the law, regulations, and system and do as it or he likes. The style of "seriously

resolving the major issues while paying little attention to minor ones" must be discouraged. Whatever reason one has, the contradictions and problems can only be resolved within the framework of state law, regulations, and systems. Practice has proven that complying with the law and regulations is the effective way to eliminate unreasonable quibbling and remove artificial interference.

III.

Leading organs at all levels, particularly the leading cadres, shoulder great responsibility for properly handling the contradictions among the people in the new situation. New contradictions and problems will emerge in large numbers at a time when we are making strenuous efforts to push reform forward. We must work conscientiously, seriously, and earnestly and pay special attention to the following:

Make great efforts to strengthen ideological and political work. During the transition, in which the old system will be replaced by a new one, the thinking of the masses will be exceptionally active due to changes in the social structure and interests setup. The expression of differing views and thinking is quite natural. If we neglect ideological education and lack correct guidance, a trifling matter can easily lead to an incident. Hence, ideological work should be more meticulous alongside deepening reform. It is necessary to conduct ideological education work in connection with reality rather than evade contradictions and put on bureaucratic airs. We should resolve practical problems one by one, explain the policies as well as the difficulties to the masses, and keep from covering up problems and contradictions. This is one of the methods for dispelling misunderstanding and increasing common understanding. For example, the policies on grain delivery, tax imposition, retention of profits, residential land, land requisition, and resource exploitation should be clearly explained. The masses should understand the duties they must undertake as well as the rights they can exercise. In the distribution of income, it is necessary to explain the difference between income gaps and unfair distribution and clarify which ways of becoming rich are reasonable and which are not. It is particularly necessary to tell them that we are against those who make exorbitant profits. We should take special note of conducting education among the masses with the idea of reform so that they can understand that short-term individual and immediate interests should be subordinate to the long-term interests of the state and society as a whole. When the facts are presented and the truth is explained, the majority of the masses will certainly take the overall situation into account.

Fighting corruption, running a clean administration, and getting rid of bureaucracy constitute an important way to mitigate all kinds of contradictions. The masses of some localities hate corruption and bureaucracy more than anything else. Corruption is primarily manifested by some cadres making a profit through abusing their

special position to engage in economic activities. Although this involves only a handful of people, it has had a negative influence among the masses. The disputes in interests in a number of localities have been complicated precisely due to this factor, and some have even become antagonistic. A bureaucratic work style is also an essential reason why contradictions come about and are aggravated. Some contradictions and disputes, though not serious, may lead to drastic mass reactions if they are left unattended for a long period of time. We should encourage the spirit of earnestly undertaking responsibility and opposing the practices of shifting responsibility onto others and glossing over mistakes. If the opinions and requirements of the masses are reasonable, they should be met immediately where conditions permit. Regarding reasonable opinions and requirements which cannot be resolved for the time being for various reasons, it necessary to do persuasive work and create the conditions for resolving them. As regards the requirements which are not very reasonable, as long as they are not deliberately provocative, we should explain principles, introduce policies, and give the masses a clear answer. In a word, we must go deep into the realities of life among the masses. Leading cadres should do work in those places where there are contradictions and problems.

We should be concerned about the well-being of the masses and help them resolve their difficulties. For various reasons, the income of some workers in loss-making enterprises has dropped and they have had difficulties securing their livelihood; the interests of some peasants have also dropped, and they have had to deal with a number of problems in production and livelihood. This is related to the stability of the overall situation. The enthusiasm of some localities for construction is now running high, but, due to the shortage of capital, they often neglect the basic livelihood of the masses. This merits attention. We would rather cut a number of projects and curtail other expenditures and use the money that is saved to ensure that the "rice bags" and "vegetable baskets" of the masses are full. It is particularly necessary to show concern for the workers in some loss-making enterprises who have financial difficulties, provide timely help, and make proper arrangements for their livelihood. We should always bear in mind the problems related to the livelihood of the masses—such as social order, water and electric supply, and schooling—and must be eager to meet their needs. In this way, our social life will be filled with tranquility and harmony. There will be fewer contradictions and friction, and those that appear will be easily resolved.

In the new situation, the contradictions among the people will be extremely complicated. These contradictions should be resolved through persuasion, education, mediation, and consultation. We must absolutely avoid being rigid, rough, and brutal (sheng ying cu bao 3932 4289 4723 2552). However, it is also necessary to take note of the change in the nature of the contradictions. When tackling the phenomenon of complicated contradictions, we should make an accurate judgment of their

nature and adopt timely measures. We should strive to gain an initiative in all our work and try to nip all problems in the bud.

The handling of contradictions among the people covers much ground. Therefore, we should mobilize the forces of all fields and encourage everybody to do work. Party committees and governments at all levels must properly perform organization and coordination work; the democratic parties at all levels and mass organizations should vigorously offer cooperation; and all localities, departments, and units should get involved. To handle the contradictions among the people in the new situation, we must have correct guidelines and work methods, and this requires a powerful organizational guarantee.

Science & Technology

'Inside Story' of Apr Satellite Explosion

HK2505064494 Hong Kong CHENG MING in Chinese
No 199, 1 May 94 pp 22-24

[By Ling Yun (0407 0061): "The Inside Story of the Explosion of the 'Fengyun-2' Satellite"]

[Text] The Senior Central Hierarchy Shocked by 46 Casualties

On the afternoon of 7 April, the State Council General Office issued a circular on the first geostationary satellite—Fengyun-2—scheduled to be launched by Long March-3 carrier rocket from the Xichang Satellite Launch Center in the middle of April. According to the circular, since an accident had occurred in the course of technological testing and the satellite and the workshop had been damaged, the launch plan would be rescheduled.

The circular did not disclose details of the accident or whether or not there were casualties, but viewed from the wording, that is, the "satellite and the workshop were damaged," the accident was quite serious. As the workshop at the Xichang Satellite Launch Center for installing satellites is very big and its ceiling is very high, it would be very difficult for an ordinary and light explosion to damage the workshop. Moreover, people feel that this accident was very unusual because the Chinese authorities concerned did not mention the timing for the rescheduled launch.

This was how things were. The news that this writer got from the State Council Science and Technology Commission and the State Science and Technology Commission [as published] was very astonishing: The Fengyun-2 exploded during a satellite test and caused a fire at 1010 on 27 March. It was learned that the accident had caused heavy casualties, that is, 46 scientists and functionaries were either injured or dead, and some of the injured were sent to Beijing by special plane for treatment. Among the dead was a CPC senior satellite expert and deputy chief

engineer of the Xichang Satellite Headquarters surnamed Su, who headed the leading group for launching the Fengyun-2 geostationary meteorological satellite as well as the satellite test.

The CPC's senior hierarchy was immediately called into action following the satellite explosion. Ding Henggao, Song Jian, and Luo Gan rushed to the scene by special plane that very night. On 29 March, Zou Jiahua and Zhang Wannian also went to Xichang to carry out an inspection on behalf of the CPC Central Committee and the CPC Central Military Commission. The explosion was so strong that equipment worth 600 million yuan was destroyed in an instant and the launch center could not function. After discussions, in early April, the State Council appropriated 350 million yuan in emergency funds for the Xichang Satellite Center for reconstruction. As the site had been severely burned, it is still uncertain when the center will be able to launch satellites again.

Different Versions of the Cause of the Accident

Different versions of this extraordinarily large satellite accident spread. A relatively "orthodox" version said that the test on that day was the final assessment test and that leaders and experts concerned went there to carry out an inspection. When the test had just begun, a power source short-circuited, causing sparks. The head of the test immediately ordered that the operation be stopped and that all personnel retreat to the safety room. But when the order had just been issued, the satellite exploded and started burning. Fire fighters standing by on the spot instantly threw themselves into the rescue operation and put out the fire two hours later and brought the injured out of danger.

In another version, the accident was even described as intentional sabotage. It was alleged that the Satellite Launch Headquarters and the chief satellite installation engineer had carried out an assessment and considered everything to be ready before allowing the test to be conducted on schedule. However, three power sources short-circuited simultaneously, which was unimaginable. That day, the person who should have been on duty at the power supply department had suddenly been replaced by somebody else. Following the accident, the person in charge of the power supply room who was on duty shot himself. Some people said that he committed suicide because he felt frustrated, while others said that he did so to escape punishment.

Ding Henggao, Song Jian's Instructions

Other versions tended to ascribe the cause of the accident to negligence and carelessness. It was alleged that at the time of the test, a certain part of the satellite made an unusual sound soon after it started operating and the person in charge ordered a halt to the operation for an examination, but the operator mistook this for accelerating the speed, and consequently the satellite exploded.

Some people said that the head and the chief engineer had suggested that the test be conducted after obtaining one or two additional verifications and making further checks, but the leaders concerned held that since time was pressing, they could secure proofs while conducting the test. Consequently, the accident occurred.

Other people said that something wrong had been found at the testing ground, but that the authorities did not watch out for it and still ordered that the test be conducted on schedule. Consequently, the satellite exploded less than three minutes after it started operating.

Apart from the above-mentioned versions, the accident was also analyzed in the following way: Recently, many accidents have occurred in the process of launching and producing satellites, and this is related to the fact that scientists and technicians are emotionally unstable because their pay is too low and they have worked in a remote environment for a long time. In addition, major accidents have occurred because the system is so slack.

The cause of the accident is still under investigation, but the versions spread and remarks made by Ding Henggao and Song Jian after their inspection deserve to be pondered. At that time, Ding and Song said in unison that the key to the problem still lay in rigorous enforcement of rules and regulations and a strict scientific attitude and in paying close attention to the requests and feelings of scientists and technicians.

Deplorable Remuneration of Personnel of the Astronautics Sector

Xichang, called Gongdu in ancient times, is situated in the southwestern part of Sichuan Province, a zone of Central Asian tropical plateau monsoon weather hemmed in by mountains with an elevation of 1,590 meters, and it is painstakingly portrayed by the official media as the "beautiful and fascinating moon city." But in reality, the water quality of the mountain valley in which the Xichang Satellite Launch Center is located is poor. People are particularly fond of eating meat after drinking the water, but they feel bloated after eating. [sentence as published] Some people call it the "Xichang disease." Also, it is common to have the reactions to high-plateau weather, such as diarrhea, headaches, and fever. Intellectuals of the Xichang Satellite Launch Center are even more distressed spiritually. There is no fashion or pop music, but only the popular saying: "Devoting one's youth, life, and offspring to the cause." Vigorously played up by the CPC media, this jingle has become the portrayal of scientists' and technicians' unselfishness. The satellite town in Xichang is different from the nuclear test base. The two are located in equally remote areas, but the former officially started opening up to the outside world from 1 September 1988 and has been visited by people from over 50 countries and regions and, owing to the atmosphere of liberation outside, the CPC's grand but empty and unreal propaganda of "devoting oneself to the cause" can no longer be

effective. In particular, they know that in order to have a share in the highly competitive global satellite-launching market, China has to win launch contracts at a low price. For example, the price for launching two satellites with a U.S. Titan-3 rocket is from \$100 million to \$125 million; the General Dynamics Corporation's price is from \$40 million to \$90 million; and the McDonnell Douglas Corporation's price for launching a medium-sized commercial communications satellite is from \$45 million to \$50 million. In order to compete with the "three U.S. moguls," China sets the satellite-launching price at \$25 million only. Such a "bargain price" is really effective and has lured representatives of over 20 countries and regions to Xichang to hold talks on cooperation.

The monthly pay of an intellectual of the Chinese astronautics sector is a mere several hundred yuan, and the saying that "one who deals with missiles is even inferior to those selling tea" is the best portrayal of their situation. The meager pay of satellite installation workers, who bear a great responsibility, is really astonishing. In the Xichang Satellite General Installation Plant, workers at grade 2 are paid only around 50 yuan, and those at grade 8 are paid 100 yuan for a long time without any increment. Workers worked hard round the clock for over a year to produce the Long March 2 cluster carrier rocket, and each of them was paid merely a little more than 200 yuan bonus, with the monthly average less than 20 yuan. It was learned that those installing satellites in Xichang are experienced workers with unique skills. They thought that once commercial rockets were launched, their living conditions would be improved, but, to their disappointment, it was only their own wishful thinking!

There were generally grievances in the hearts of most scientists and technicians. At the launch center monitoring station, some young college students could no longer bear the lifestyle of "seeing soldiers in the daytime and counting stars at night." Some of them cried secretly, some asked for transfers, and others simply sneaked away. However, the authorities concerned did not pay attention to their growing feelings of insecurity, and were stunned only by the explosion of the Fengyun-2 satellite.

More and More Serious Satellite Accidents

Over the past four years, four satellite accidents have occurred in China, each more serious than the last, which will certainly affect China's "commercial credit" in the global satellite-launching market. Apart from the one reported in this article, the other three accidents were as follows:

On 22 March 1992, due to a breakdown in the ignition system, the launch of Australia's Aussat-B1 communications satellite at the Xichang base failed.

On 21 December 1992, Australia's Optus-B2 communications satellite exploded 48 seconds after being launched into orbit from the Xichang base.

On 16 October 1993, China's recoverable satellite for scientific exploration and technological experimentation broke down and could not be recovered eight days after being launched into orbit. The United States said it had fallen into the Pacific, but China said it was still wandering through space.

In addition, China's "commercial image" is also called into question by many overseas clients. For example, when the satellite accidentally exploded on 21 December 1992, the personnel of the Xichang Center still opened bottles of champagne to celebrate the launch and the scene was really bustling. In fact, the satellite exploded less than a minute after being launched into orbit. However, China "only cared about the launch," whereas the explosion was caused by the satellite's internal problems, so the case should be handled by the client!

Moreover, last year's grand launch of the satellite for scientific and technological experimentation was even a farce. A Mao Zedong gold badge numbered "8341," which was cast in 18-karat gold and inlaid with 44 South African diamonds (some people revealed that the diamonds were fake), was put inside the satellite and the company concerned had the unique idea of selling the badge by auction after it had "travelled through the universe" because they thought that by so doing, the badge would certainly be sold at a much higher price. It allegedly cost 80,000 yuan to send the Mao Zedong badge into space by satellite and a 100,000-yuan insurance premium was also paid; but a Hong Kong company had offered to buy it for 2 million yuan, therefore over 1 million yuan net profit would be reaped in this deal. However, all these calculations were not realized. China has successfully retrieved 14 recoverable satellites, but it was such a coincidence that the satellite with the Mao Zedong badge met with an accident and became a heap of garbage in space....

Plans for Launching Foreign Satellites To Proceed *OW2405090594 Beijing XINHUA Domestic Service in Chinese 0718 GMT 24 May 94*

[Text] Beijing, 24 May (XINHUA)—According to the China Satellite Launch Tracking and Control Department: The accident of the meteorological satellite, the "Fengyun II," will not affect China's plan of launching satellites for foreign countries. Chinese authorities, after consulting with the Hughes Aircraft Corporation of the United States, have decided to proceed with the original plans of launching the three foreign satellites—the "Asiasat I," the "Asiasat II," and the "Optus B3"—during the second half of the year.

CPC Circular on Studying Modern Scientific Knowledge

OW2505060494 Beijing XINHUA Domestic Service in Chinese 0514 GMT 23 May 94

[Text] Beijing, 23 May (XINHUA)—The CPC Central Committee General Office recently issued a circular

asking all localities to organize the vast number of cadres into studying modern scientific and technological knowledge. The following is the full text of the circular:

The world's current high and new technology development keeps on changing and international competition in science and technology is intensifying. If we do not take firm measures to equip our party members and cadres with modern scientific and technological knowledge as well as upgrade the level of the entire Chinese people in scientific education, it is impossible to gain the initiative in international competition. Therefore, the party Central Committee has decided that while earnestly studying Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics as well as the socialist market economic theory and fundamental knowledge, all party comrades must earnestly study modern scientific and technological knowledge.

In studying modern scientific and technological knowledge, it is necessary to study the Marxist fundamental viewpoint on science and technology. In particular, it is necessary to study Comrade Deng Xiaoping's important expositions, firmly establish the concept of "science and technology is the primary productive force," and more conscientiously implement the principle of "economic construction cannot do without science and technology, and scientific and technological work must be geared to economic construction." It is necessary to realistically shift economic construction and social development onto the path of relying on scientific and technological progress and upgrading workers' quality. It is necessary to become more familiar with the fundamental knowledge of modern science and technology, understand current the revolutionary trend in the world's new technology, comprehend the general pattern of scientific and technological progress, and upgrade cadres' quality in scientific education as a whole. We must conscientiously apply scientific and technological theory, knowledge, and methods to observe and handle problems, as well as continue to scientifically upgrade our policy-making capability and work level. "Fundamental Knowledge in Modern Science and Technology," a book proposed by Comrade Jiang Zemin and compiled under the leadership of the State Science Commission, discusses in a simple and profound manner new knowledge and progress in the world's scientific and technological development, as well as our countermeasures. It can be used as a rudimentary textbook for cadres to study modern scientific and technological knowledge.

Party committees at all levels must outline specific plans for cadres to study modern scientific and technological knowledge, and conduct regular supervision and inspection. Leading cadres must take an exemplary lead by studying the subject well. Party schools at all levels and cadre training institutions of various categories must incorporate the teaching of modern scientific and technological knowledge into cadres' training plans. They should closely cooperate with science commissions and science associations at all levels as well as local scientific research institutes and institutes of higher learning to

effectively plan for teaching courses and to select the teaching force. While concentrating on self-study, working cadres should avail themselves of flexible, varied, and effective study and guidance. Press and propaganda departments should coordinate closely with cadres' study by increasing their publicity of science and technology as well as vigorously popularizing modern scientific and technological knowledge.

Beijing To Build International Biotechnology Center

OW2405095694 Beijing XINHUA in English 0824 GMT 24 May 94

[Text] Beijing, May 24 (XINHUA)—China plans to build an international biotechnology development center in Zhejiang Province, East China, to boost the industrialization and scale of China's biotechnological development.

Situated between the banks of Xihu, or West Lake, in Hangzhou Bay, and Qiantang River, the center will be constructed by Beijing Globe Biotechnology Development Center affiliated with the Chinese Academy of Sciences.

After approving the site selection proposal today, experts said that biotechnology is the most vigorous and has the most potential among studies in high-tech development. The new industries related to biotechnology are new sectors which are experiencing the most rapid development and are reaping the best economic results.

The new biotechnology development center will dedicate itself to the development of new biotechnology products by closely watching the world's latest developments in biotechnology research, the experts said.

Economic & Agricultural

Yao Yilin Has 'Reservations' About Shenzhen

HK2405145394 Hong Kong CHENG MING in Chinese No 199, 1 May 94 p 86

["Reference News" by Shan Huo (1472 3499): "Yao Yilin Openly Expresses 'Reservations' About Shenzhen"]

[Text] At the Central Symposium on Economic Development held in Beijing in early April, Yao Yilin openly expressed his anxiety over the situation in Shenzhen and had reservations about Shenzhen, which is regarded as a model for reform. Yao said that he had been to Shenzhen and had made on-the-spot inspections on several occasions. Rather than following a feasible development plan, he insisted that Shenzhen has merely relied on foreign investment and backing from the central authorities and other localities. In addition, it depends on land sales. As foreign investment has slowed down, the city is now in a predicament. Yao Yilin said that many problems have been piling up in Shenzhen's social situation,

the ranks of cadres, and urban construction. The central authorities are aware of the major problems, but solving them poses many difficulties.

State Council Establishes Import-Export Bank

HK2505084794 Hong Kong CHING CHI TAO PAO in Chinese No 17, 2 May 94 p 38

[From "Chinese Economic News" column: "State Council Decides To Establish Import-Export Bank of China"]

[Text] To meet the needs of the socialist market economic structure, deepen financial structural reform, and promote sustained, rapid, and healthy development of foreign trade, the State Council has decided to set up an import-export bank for China.

The China Export-Import Bank, called CEIB for short, is a noncommercial financial institution directly under the State Council. Its main task is to implement the state's industrial and foreign trade policies and to provide policy-related financial support for exports of capital goods, including complete sets of equipment.

The services provided by the CEIB include: Providing import and export credits (seller's and buyer's credits) for the import and export of capital goods, including machinery, electrical appliances, and complete sets of equipment; handling loans granted by foreign governments, syndicated loans, and the on-lending of export credits related to export credits for machinery and electrical appliances; handling loans provided to foreign governments by the Chinese Government as well as the on-lending of syndicated loans; handling loans between international banks; organizing international or domestic syndicated loans or providing such loans together with other banks; providing insurance and guarantees for export credits as well as services regarding import-export insurance and maintenance; issuing financial bonds inside the borders and bearer securities outside the borders; doing foreign exchange business which has been approved; joining international import-export banking organizations and non-commercial financial insurance organizations; providing consulting service for import-export business and making assessments for import-export items; and handling other kinds of business approved and entrusted by the state.

The CEIB's capital will be provided by the state treasury.

Tong Zhiguang was appointed chairman of CEIB's board of directors and Lei Zuhua governor.

Zhu Rongji Views Hubei Economy

HK2505084994 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 23 May 94

[Text] On 14 May, Zhu Rongji, member of the CPC Central Committee Political Bureau Standing Committee and vice premier of the State Council, listened to an economic work report by the Hubei Provincial CPC

Committee and government in Wuhan. Attendees at the meeting included responsible persons from 16 ministries, commissions, and financial organs under the State Council who accompanied Vice Premier Zhu Rongji to Wuhan, as well as Hubei Governor Jia Zhijie; Hui Liangyu, provincial party deputy secretary and chairman of the provincial Chinese People's Political Consultative Conference; Qian Yunlu, provincial party deputy secretary and Wuhan City CPC Secretary; and others.

In his work report, provincial Governor Jia Zhijie said: Since this year, our province's national economy has maintained a better momentum of development. As far as agriculture is concerned, a good summer harvest is expected. Our rural work has been centered on the targets of stabilizing grain and cotton production and vigorously developing a diversified economy and township and town enterprises. We are doing a solid job in this regard. Industry has had a good start. From January to April this year, industrial production output value at and above township level reached 50.284 billion yuan, an increase of 18.6 percent over the same period last year. In the meantime, we have increased the weight of opening up to the outside world. Macroscopic management structural reform mainly targeted at finance, tax, banking, investments, foreign trade, and planning has been progressing smoothly. Jia Zhijie also talked about difficult points in present economic work and striking contradictions and ways and ideas to deal with them.

After listening to the work report, Vice Premier Zhu Rongji said: The situation of economic construction and reform and opening up in Hubei Province is good. This is the outcome of hard work done by Hubei's leaders at all levels and the broad masses of people in accordance with the 20-character guiding principle worked out by the central authorities. He hoped that Hubei Province would continue to firmly and unswervingly implement the guiding principle of seizing the favorable opportunity, deepening reform, expanding opening up, speeding up development, and maintaining stability to correctly handle relations between reform, development, and stability and maintain and develop the present favorable situation.

Zhu Rongji pointed out: Hubei is a large agricultural province. When Hubei, Hunan, Guangdong and Guangxi have a bumper crop, the country is free from hunger. Hubei must do well its rural work to speed up its agricultural development. Leaders at all levels must make efforts to grasp agriculture, grain production, and the vegetable basket project. Zhu Rongji stressed: Changes in price indexes in daily life of urban and rural residents are, to a large extent, affected by grain and other agricultural products. Only by grasping well agriculture can the government stabilize the market and gain the initiative to regulate and control the market.

As far as industrial production is concerned, Zhu Rongji emphasized: Under the guidance of the market, we must carry out effective production. We must stop any action which leads to the overstocking of goods because of

blindly seeking speed. He said: We must shift our attention to studying the market and guide and help those enterprises which have suspended production or have been operating under capacity to gradually turn the corner. From 16 to 17 May, Vice Premier Zhu Rongji also respectively visited rural areas in Hanchuan County and the provincial People's Bank and Agricultural Bank to discuss with cadres and masses at the grass-roots level major plans for speeding up agricultural development and strengthening financial management. He encouraged them to make still greater work achievements.

Wen Jiabao Inspects Beijing Suburban Farms

OW2405083394 Beijing XINHUA Domestic Service in Chinese 0913 GMT 19 May 94

[By reporter Su HuiZi (5685 2585 1807)]

[Text] Beijing, 19 May (XINHUA)—During a recent study and investigative tour of Beijing's suburbs, Wen Jiabao, alternate member of the Political Bureau and member of the Secretariat of the CPC Central Committee, emphasized: Suburban areas, which play an important role in guaranteeing the supply of farm products to the city, should serve city residents and help rural farmers prosper by continuing to reinforce agriculture to ensure the success of the "vegetable basket" project; they should strive to explore a new way for developing the suburban economy, bring into play the suburbs' advantages, develop the economy in an all-round way, and raise farmers' incomes.

From 16 to 19 May, Wen Jiabao conducted the investigative tour in Pinggu, Shunyi, and Tongxian counties. He visited farm households, fields, and pig and cattle farms, earnestly familiarizing himself with grain production and the vegetable basket project, asking questions about rural economic development and farmers' everyday life, and discussing with them a number of problems in agricultural production.

Fully affirming Beijing municipality's achievements in agriculture and rural work, Wen Jiabao said: Suburban areas are the primary bases which supply nonstaple foods to the city. To do a good job in agricultural production in the suburbs to ensure plentiful and stable supply of nonstaple foods is of crucial importance to guaranteeing the city's economic development and social stability. Leaders at all levels must attach strategic importance to agricultural development in suburban areas. We should increase the input into agriculture and raise its comprehensive production capacity by supplementing and building up agriculture with industrial production. We should rely on science and technology to enable agriculture to develop toward a pattern of high yields, high quality, and high efficiency and to raise the comparative efficiency of agricultural production. In line with the demand for scientific farming and socialized production, we should develop, where conditions permit, operations adaptable to scaled economy so as to raise the agricultural labor productivity and land output

rate. He pointed out: The suburbs—with their convenient transportation, accessibility to information, and large markets—should support the city and raise farmers' incomes by developing the rural economy in an all-round way and raising the comprehensive efficiency of rural economy. They should pay close attention to the comprehensive development of agriculture, energetically exploit non-farmland resources such as barren hilly areas and uncultivated beaches, and develop agriculture, forestry, animal husbandry, fishery, and sideline production in an all-round way. They should readjust the structure of rural economy to keep abreast of market demands; and should never relax efforts at grain production while actively developing diversified operations, expanding village and township enterprises and tertiary industries, and developing products with high added value. They should expedite the flow of surplus rural laborers by guiding village and township enterprises to concentrate at appropriate places and combine them with the construction of small rural towns. Wen Jiabao said: Beijing, China's capital, is a major city. The development of agriculture and rural economy in Beijing's suburbs can set the pace for suburban areas throughout the country. Cadres and people at large in the suburbs must persist in emancipating the minds, seeking truth from facts, and striving to explore a new way for developing agriculture and rural economy in the suburbs of China's large and medium cities.

Since mid-April, timely rains have fallen in Beijing, alleviating the drought situation and helping the growth of summer crops. While inspecting wheat fields, Wen Jiabao emphasized that as the summer crops have entered the production stage, it is necessary to pay close attention to pest prevention and control, to guard against drought and waterlogging, and ensure a good job in other tasks of field management. Governments at all levels should step up guidance, provide adequate services, and strive to reap an even better harvest.

Vice agriculture minister Wang Baorui, and Yang Chaoshi, Standing Committee member and director of the Organization Department of the Beijing municipal party committee, also participated in the investigative tour.

'More Power' Given to State Planning Commission

HK2505075294 Hong Kong SOUTH CHINA MORNING POST in English 25 May 94 p 12

[By Willy Wo-Lap Lam and Zhang Yuan]

[Text] Beijing has given planning-oriented bureaucrats more power in working out ways to achieve the contradictory goals of curbing inflation and propping up the money-losing state enterprises.

Informed sources said the State Planning Commission (SPC) had been empowered to take over the research and planning functions of up to eight ministries and commissions.

They said the bulk of the research units of these departments had been dissolved and taken over by an enlarged research centre in the SPC, which has an establishment of more than 700 academics and officials.

"The SPC Research Centre will have formidable authority and resources in making long-range forecasts and recommending the 'macrolevel' controls the state must exercise," an economic source said.

The source added that recent problems in the economy had prompted the leadership to give more emphasis to both direct and nonmandatory state control.

It is understood the leadership hopes that with strengthened research and forecasts, executive orders will be free from the kinds of mistakes underlying such disasters as the Great Leap Forward.

Liberal cadres and academics have criticised the apparent increase in the power of the SPC, deemed a creation of Stalinist state planning.

Analysts said in 1992 and last year, the authorities seriously considered scrapping the SPC and replacing it with a much less powerful State Commission for Social and Economic Development.

However, given the need for Beijing to walk the high wire of containing inflation and cutting unemployment, the planners are again required to provide recommendations for comprehensive government intervention.

In a recent speech, the senior economist with the State Statistical Bureau, Qiu Xiaohua, underscored the importance of striking a balance between conflicting goals.

"If we are too anxious about reducing inflation to within 10 percent and continuing a tight policy, the market will become flaccid, state enterprises will face more difficulties and the contradictions in employment will become more acute," Mr Qiu said.

Trade Minister Views Foreign Enterprises

HK2505005494 Beijing RENMIN RIBAO OVERSEAS EDITION in Chinese 18 May 94 pp 1, 3

[Report on an interview with Wu Yi, minister of foreign trade and economic cooperation, by Zhang Shaozhou (1728 1421 3166) and Liu Luyan (0491 7627 3601); date and place not given: "Vast Vistas, Bright Prospects—Wu Yi, Minister of Foreign Trade and Economic Cooperation, Extensively Talks About the Development of Foreign-Funded Enterprises"]

[Text] Editor's note: Foreign-funded enterprises in China, which were tender seedlings in the 1980's and which have attracted extensive domestic and foreign attention, are now standing before the world with a brand new outlook. Their industrial output value now accounts for over one-tenth of the country's total, and their imports and exports account for one-third. Foreign investment absorbed by these enterprises accounts for

nine-tenths of the country's use of foreign capital. Large and efficient enterprises with a high technology content and with the ability to earn more foreign exchange have emerged one after another. The vigorous development of foreign-funded enterprises has played an increasingly important role in China's economic construction, demonstrating the outstanding achievements of reform and opening up. After leaving Beijing on 28 April, the team charged with covering "China's noted foreign-funded enterprises" went to all localities and wrote a number of articles reflecting the growth, successful experience, and outstanding contributions of the foreign-funded enterprises. Commencing today, we will publish these articles one after another to provide our readers with a window to understand contemporary China's reform, opening up, and modernization program. [end editor's note]

Since reform and opening up, China has achieved marked successes in the use of foreign capital. Foreign-funded enterprises have become an important force in China's national economic development, and a number of noted, efficient, and properly managed ones have particularly attracted attention at home and abroad. As China's reform and opening up has entered a new stage of development, foreign-funded enterprises, which are marked symbols of opening up, have also greeted a new high tide. Under such a momentum, how should we maintain the sustained, rapid, and healthy growth of the foreign-funded enterprises? We held an interview with Wu Yi, minister of foreign trade and economic cooperation and asked her to express her views.

"I am optimistic about the development of foreign-funded enterprises." Minister Wu Yi gave a spirited account of the status quo of foreign-funded enterprises:

"Vigorously making effective use of foreign capital constitutes an important element of China's open policy and economic work. Absorbing direct foreign investment is one of the main forms of making use of foreign capital. By March this year, the country approved a total of 186,000 foreign-invested projects, with agreed-upon capital of \$241.5 and an actual investment of \$67.2 billion. Following Comrade Deng Xiaoping's tour of southern China in early 1992, the enthusiasm of foreign businessmen for investing in China ran high, and both the number of projects and the amount of capital doubled. In 1993, the country approved 83,000 foreign-funded projects, involving contracted capital of \$111.4 billion and an actual use of \$27.5 billion, an increase of 71.1 percent, 91.72 percent, and 149.95 percent respectively over 1992, or equivalent to the total sum of the 14 years since reform and opening up. According to figures provided by a foreign authoritative accounting office, the United States, China, and Britain have become the major countries for international commercial investment in 1993. China's position, which was sixth in 1992, rose to second in 1993, second only to the United States. The foreign capital absorbed by China in 1993 accounted for one-tenth of the world's overseas capital of \$152 billion. In the first three months of this year, China again approved 12,000 foreign-invested projects, with an

agreed upon investment of \$19.6 billion, or a real foreign investment of \$5.4 billion."

The reporter asked, "What are the new characteristics of direct foreign investment absorbed by China over the past two years or so?"

"Over the past two years, the number of countries and regions investing in China has been continuously increasing, rising from a little more than 80 in 1991 to 133 by the end of 1993. The ten largest investors include: Hong Kong and Macao, Taiwan, the United States, Japan, Singapore, Britain, Thailand, Canada, Germany, and Australia.

"The scope of investment has been expanded. The average amount of contracted foreign capital in each project was \$1.33 million in 1993, an increase of 12.9 percent over the \$1.178 million in 1992. The average figure in Guangdong, Fujian, Shanghai, and Beijing approached or exceeded \$2 million. By the end of 1993, the number of projects involving an investment of over \$10 million approved by China totaled more than 1,800.

"Apart from the expansion in the areas and field of investment, the means of investment also diversified. Although foreign investment in China primarily focuses on the coastal areas, the interior is also speeding up its pace of attracting foreign investment. In 1993, approximately 80 percent of the foreign-funded projects and the amount was focused on the coastal areas; however, the proportion of foreign-funded projects and capital attracted by the interior rose from 7 to 8 percent in 1992 to 20 percent in 1993. Foreign businessmen made marked progress in their investment in the three major industries. The fields of banking, insurance, real estate, retail sales, consultation, accountant office, and information services were also opened gradually to foreign investors. New headway was made in the means of foreign investment. The establishment of more than 30 Sino-foreign shareholding enterprises was approved, and more than 20 special renminbi shares (B shares) were listed on the Shenzhen and Shanghai stock exchanges. In recent years, we also selectively approved a number of investment companies."

"Moreover, a number of transnational companies have been active in their investment in China, which further optimized the investment setup. By the end of 1993, more than 80 transnational industrial corporations from Europe, the United States, Japan, and the developed countries and regions in the Asia-Pacific region made investments in China. Some of the transnational corporations and big companies with solid financial foundations also ran a number of transportation, energy, infrastructure, raw material, and other large projects which were badly needed for national economic development. The large scale and amount involved in these high-level projects further rationalized and optimized the investment setup."

"Could you tell us the status and role of foreign investors in China's economic development?"

"With the expansion in the scope and field of investment made by foreign businessmen, foreign investment is playing an increasingly important role in China's economic development."

"Foreign investment has accelerated the pace of China's economic development and has increased employment opportunities and state revenue. The proportion of China's annual actual use of foreign investment to total investment in fixed assets, which was 2.5 percent in the 1980's, 8 percent in 1992, and 13 percent in 1993, constituted one of the essential sources of capital for China's economic construction. Foreign-funded enterprises which have gone into operation total over 80,000, of which the output value of industrial enterprises accounted for 7.5 percent of the country's total in 1992, 11 percent in 1993, and higher in Guangdong and Fujian. Taxes collected from foreign-funded enterprises increased for successive years, jumping from 10.7 billion yuan in 1992 to 20.6 billion yuan in 1993, nearly doubling the figure. The number of people employed by foreign-funded enterprises which have gone into operation total approximately 10 million.

"Foreign investment promoted China's industrial progress. The available foreign capital is primarily used in importing advanced technology and equipment, which filled the gaps in some domestic technology, upgraded large number of products, narrowed the gap between China and advanced international levels, and brought about an upgrading of similar domestic products. Meanwhile, the transfer of parts and technology of many trades further boosted the growth of the relevant domestic industries and improved the production and technological level."

"Foreign-funded enterprises have become a vital force in China's foreign trade. The volume of imports and exports of foreign-funded enterprises in 1993 totaled \$67.1 billion, accounting for 34.4 percent of the volume of the country's imports and exports, of which their exports amounted to \$25.2 billion, accounting for 27.5 percent of the country's total. China's foreign trade grew comprehensively in the first quarter of this year, with the volume of imports and exports reaching \$39.5 billion, of which the volume of imports and exports of foreign-funded enterprises amounted to \$14.66 billion, accounting for 37.1 percent of the country's total as compared with the 30 percent rise of the previous year. The development of foreign-funded enterprises improved the structure of China's export commodities and enormously boosted China's foreign trade."

"The means of organizations and operation of foreign-funded enterprises, their market mechanisms, and the scientific enterprise management system have offered a demonstration and reference to state enterprises to change their operational mechanism and establish a modern enterprise system."

After a pause, Minister Wu said: "Facts have proven that the development of foreign-funded enterprises is healthy

on the whole, and their achievements are remarkable. This should be fully affirmed and appraised. But there are also problems. We should follow international standards to promote and ensure the healthy growth of foreign-funded enterprises. Viewed from the foreign-funded enterprises which have gone into operation, most of them have obtained better or considerable economic results and have attained their due interests in investing in China."

Minister Wu said enthusiastically: "Through 15 years of development, a large number of well-known foreign-funded enterprises have emerged. They have filled the gaps in domestic technology, scientific operational mechanism, enterprise management, social and economic efficiency, product quality and grade, capital and technology content, and foreign exchange earning through exports. All foreign-funded enterprises and domestic enterprises should learn from their experiences. Therefore, I am in favor of the long series on 'Noted Foreign-Funded Enterprises in China' that is jointly being written by RENMIN RIBAO OVERSEAS EDITION and CHINA FOREIGN CAPITAL."

"What will be the main guide for foreign capital in the years ahead?"

"We will continue to follow the state's industrial policies; will vigorously guide foreign capital toward infrastructure and basic industries, toward the technical transformation of enterprises, and toward capital and technology intensive industries; and will gradually lift the restrictions on the service trades. We encourage foreign businessmen to invest in the following fields: Comprehensive agricultural development projects—the energy, transportation, and essential raw materials industries that China badly needs; advanced technological projects; and projects that earn more foreign exchange through exports."

"In short, China has a variety of industries and offers an extensive scope for investment and great potential for development, which provides foreign investors with favorable conditions. We will unswervingly implement the open policy, further strengthen international and regional economic and technological cooperation based on equality and mutual benefit, and make contributions to economic prosperity and development."

Official Views Foreign Trade Prospects, MFN Issue

*HK2405153194 Hong Kong WEN WEI PO in Chinese
24 May 94 p A2*

[Report: "Conference on China Trade and Investment Opens in Hong Kong; Zheng Xilin, vice minister of Foreign Trade and Economic Cooperation, Says Both Sides Suffer if the United States Revokes China's MFN Trading Status"]

[Text] Yesterday, Hong Kong's '94 China Trade and Investment Fair opened at the Hong Kong Conference

and Exhibition Center. This is the largest fair of this type that the mainland has held in Hong Kong in recent years. Four ministries and state commissions and 24 provinces and municipalities have sent their delegations to the fair, where 760 projects were arranged for inviting investment. Zheng Silin, vice minister of foreign trade and economic cooperation, and other responsible officials from the ministries and state commissions concerned attended the opening ceremony of the fair and yesterday's symposium on China's foreign trade and economic cooperation.

When attending these activities yesterday in Hong Kong, Zheng Silin said that China opposed the practice of linking human rights and other non-trade issues with most-favored-nation status. If the United States revokes China's MFN status, both sides will incur losses and China will not be the only side harmed. As for whether China will terminate the current favorable policies in order to meet the GATT regulations on the treatment of nationals, Zheng Silin said that China will not terminate the current favorable policies for the five special economic zones and other open cities, but will gradually bring the policies toward state-owned enterprises and other areas into line with the policies for the foreign-funded enterprises, the special economic zones, and the open cities. He said that China is comprehensively considering how to bring its foreign trade policy better into line with the relevant GATT regulations and other international practices, such as in the aspects of the tax policy and the equal competition mechanism. The foreign-funded enterprises will enjoy treatment equal to that enjoyed by Chinese nationals, and the investment environment will be further improved so that foreign investors' interests in China will enjoy double guarantees from both domestic and international law.

When mentioning the prospects for China's import and export trade, Zheng Silin said that China's basic policy for foreign trade is to seek a general balance between imports and exports under the premise of maintaining the necessary foreign exchange reserves. Increasing exports in order to ensure a sustained increase in imports is the positive method China has used to seek a balance in trade. It is expected that the volume of China's imports will reach \$1,000 billion over the next seven years.

Ma Xiuhong, deputy director of the Foreign Investment Management Department of China's Ministry of Foreign Trade and Economic Cooperation, also indicated on the same occasion that, as the amount of foreign investment is increasing, the Chinese Government will attach greater importance to investment made by transnational corporations which possess advanced technology and management expertise. In particular, it will encourage transnational corporations to invest in capital-intensive and technology-intensive projects. China has selectively approved the establishment of foreign investment companies which are allowed to invest in many industries, many fields, and many geographic areas and which are allowed to manage and provide comprehensive services

for their investment projects in China. China is considering the relevant policies for the establishment of transnational corporations' Asia-Pacific headquarters, Asian headquarters, China headquarters, and regional management organs in China.

Ma Xiuhong said: Between 1979 and 1993, China approved a total of 174,000 foreign investment projects in China. The agreements for these projects involved more than \$220 billion in foreign funds, and foreign investors actually injected over \$60 billion in funding. Funds from Hong Kong and Macao ranked first in terms of the amounts of investment from outside the mainland. By the end of 1993, Hong Kong and Macao businessmen set up over 110,000 investment enterprises, and the investment in the relevant agreements exceeded \$150 billion, with over \$39 billion being actually used.

Finance Minister Says Land Tax Must Be Implemented

HK2305150594 Beijing ZHONGGUO XINWEN SHE
in English 1300 GMT 23 May 94

[Text] Beijing, May 23 (CNS)—The Minister of Finance Mr. Liu Zhongli said that imposition of land added value tax had to take place because it was a decree issued by the State Council.

Mr. Liu said recently that such tax had to be levied in various regions, and no alternative policy was possible in localities. He added that opinion and proposals on the land added value tax offered by some regions would be taken into consideration by the state when it worked out detailed regulations for the implementation.

The minister, however, said that the time table for formulation of the regulations had not yet been finalized. He added that such taxation was considered an effective measure to curb occupation of land on one's own for exploitation, land speculation and flat speculation. The state, however, would lend its support to construction of housing and development of real estate.

There are to date some 60 countries and regions to impose direct tax on revenue resulting from the transfer of land and in some cases tax is also levied on revenue obtained from buildings standing on it.

Official Comments on Becoming Tourism Power

OW2305174494 Beijing XINHUA in English 1344
GMT 23 May 94

[Text] Beijing, May 23 (XINHUA)—The reform and opening up drive launched by China 15 years ago has not only brought the country huge economic progress, but also put it among the world's leading tourism powers.

According to world tourism organization statistics, the number of tourists visiting China increased by an annual average of 13 percent to 40 million in the last eight years—the highest growth rate in the world. In addition,

the annual average tourism revenue topped 4.67 billion U.S. dollars in foreign exchange.

Official statistics showed that between 1978 and 1993, the annual average increase of China's overseas tourism revenue stood at 21 percent, which is considered one of the highest in the world.

The above figures bear witness to the fact that China has really become one of the world's tourism powers.

Liu Yi, head of the State Tourism Administration, said in an interview with XINHUA here today that China has become one of the world's most important tourism markets, in the midst of fierce international competition.

According to the senior official, China has the advantages of rich natural tourism resources and numerous historical remains and sites.

He added that by now China has developed regular tourist relations with more than 100 countries. In the 15 main countries from which tourists have come to China, such as the Republic of Korea, Singapore, the U.S. and Australia, the number of tourists visiting China increased by a big margin in the first three months of this year.

The official statistics show that in the first quarter this year, China received a total of 1.59 million overseas tourists in group tours, up 9.2 percent on the same period of 1993.

Liu, the leading official in charge of China's tourism, also said that the foreign travel agents who specialize in organizing group tours to China have increased from 400 five years ago to over 60,000 at present. They help a lot in attracting overseas tourists to China, he said.

According to Liu, China has successfully launched a series of tourism years such as "Visit China '92", "China River and Mountain Tours '93", which produced effective results.

The administrator expects the ongoing "China Heritage '94" to have a greater success.

According to Liu, China is also planning Folk Customs Tour '95, China Vocational Tour '96 and China Travel Year '97, which are expected to further boost China's still growing tourism industry.

Economist Li Yining Views Rising Grain Prices

HK2305095294 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 23
May 94 p 3

["Viewpoint" column by Li Yining, head of Beijing University's Department of Economics and Management, member of the Standing Committee of the National People's Congress: "Rising Grain Prices Put Neglected Agriculture in the Spotlight"]

[Text] The rise in grain purchase prices in urban areas since the last quarter of last year has caused unrest among residents and has become a cause of serious concern for the government.

During the annual plenary session of the National People's Congress in March city and provincial representatives demanded a guaranteed increase in grain production.

The representatives have also demanded balanced supply and demand in the grain market, in a highly publicised campaign.

The rise in the grain price is a complicated issue.

Although consumers are paying more when buying grain, peasants' incomes have not increased as a result.

Even though the price of grain has increased, the extent of the increase has been unable to match that of agricultural raw materials and equipment such as fertiliser, diesel, farm machinery and components.

While there is a surplus of agricultural workers, there is a serious shortage of people who actually work the land. Most of those who work the land are elderly people and women.

As such, grain production can by no means be neglected.

The primary reason for the soaring price of grain in recent years is that little emphasis has been placed on farming.

This is because farming offers very low profit margins.

It has been suggested that the annual consumption of grain per capita is falling, against an increase in overall grain production in China.

Moreover, the pricing of grain in China is mainly affected by the distribution system. An inefficient distribution system will result in a lack of grain supply in some areas and this means that both consumers and peasants will suffer.

To a certain extent, the suggestion that grain consumption is falling against an increase in production is correct. But it does not pinpoint the central issue.

In fact, the problem lies more on the production side than in the distribution system.

Annual grain consumption per capita among the rural population has not dropped significantly. It is because grain consumption by urban residents has fallen, against soaring consumption of pork, poultry and eggs.

But how will the production of pork and poultry increase if there is no feed for the animals? If grain production is not increased, no balance can be fixed between supply and demand in the grain market.

Eventually, it will be difficult to stabilise the grain price even if the efficiency of distribution is improved.

Boosting the efficiency of the distribution process is imperative, to ensure that both peasants and consumers are protected.

Devoting more emphasis to agricultural production to ensure growth in grain production will be an immediate move towards stabilising the pricing of grain.

This could be done in three ways.

—The government should take on the role of building facilities to conserve water, to increase the area under irrigation and bolster precautionary measures against natural disasters.

—The government should offer incentives for farmers to devote more time to farming through its agricultural policy.

—The government should rely on town and village enterprises in a move to increase agricultural production.

Finally, I would like to elaborate on stabilising grain prices. There are two ways this can be done: either the government fixes prices under a planned economy or the prices are left to market forces.

Previous experience has shown that pricing under a market economy has not worked in China.

Accordingly, stabilising grain prices through government mechanisms would not necessarily mean the country was returning to a planned economy.

Foreign Firms Encouraged To Invest in Technology

HK2405144194 Hong Kong LIEN HO PAO in Chinese
24 May 94 p 2

[Report from Hong Kong by reporter Li Chun (2621 2504): "Beijing Encourages Foreign Firms To Invest in Large and Medium State Enterprises But Does Not Favor Acquisition or Share Purchases for the Time Being"]

[Text] A considerable number of state-owned enterprises in mainland China are in dire straits. An economic and trade official has pointed out in Hong Kong: Foreign firms are encouraged to invest in large and medium state-owned enterprises to conduct technological transformation, but, as the conditions are not yet ripe, foreign investment cannot be made in the form of share purchases.

Meng Xiangang, director of the Department of Foreign Economic Cooperation and Trade of the State Economic and Trade Commission, said here yesterday that the mainland government is studying and formulating relevant policies, and foreign firms are encouraged to invest in large and medium enterprises for technological transformation. The mainland government will follow the key

orientation of unequivocally encouraging foreign investment in technological transformation in light of state industrial policies, while drawing up corresponding measures of encouragement in several areas, such as credit, taxation, use of foreign exchange, and import and export administration.

Citing the example of over 5,000 new large and medium enterprises in the 12 provinces in the northeast and the north, Meng Xiangang said that one-third of them urgently need to undergo technological transformation.

However, he stressed that improving the state-owned enterprises' technological standards and helping their products more easily respond to market needs by integrating with foreign investment was a form of transforming the mechanism of state-owned enterprises, which is different from allowing foreign firms to buy up state-owned enterprises.

Foreign-Funded Firms Losing Licenses

HK2405144294 Beijing ZHONGGUO XINWEN SHE
in English 1139 GMT 24 May 94

[Text] Beijing, May 24 (CNS)—There have so far been 175,000 three type foreign-funded enterprises registered in China since the reform and opening to the outside world 14 years ago. Nearly 75,000 such enterprises meanwhile had their licence revoked with an average of 535 each year, according to a national meeting on administration of registration of foreign-funded enterprises which was being held in Hefei, Anhui Province.

Among the foreign-funded enterprises registered in China, Sino-foreign joint venture enterprises make up 107,000, Sino-foreign cooperative enterprises 25,500, and solely foreign-funded enterprises 34,000. The official in charge of the State Administration for Industry and Commerce said that there were a handful of the three types of foreign-funded enterprises in poor condition. Problems facing these enterprises included first, a false joint venture pattern in which a foreign party was only responsible for handling the necessary procedures without offering capital while in some cases the Chinese party provided foreign exchange or the foreign party offered renminbi as capital for joint venture.

Second, a few foreign businessmen made use of the preferential policy on foreign investment to commit smuggling, profiteering and capitalizing on the business licence for swindling under the guise of undertaking foreign-funded enterprises.

Third, some foreign investors made declaration of high prices which should have been lower while some others promoted the sale of poor quality equipment at a higher price.

Fourth, there was still over 40 percent of capital not in place while some investment existed in name only.

Fifth, some three types of foreign-funded enterprises ran illegally while some others even undertook pornographic business and gambling.

Enterprises in the red accounted for over 40 percent of the total each year since 1990 with the number of enterprises suffering a loss reaching 42.5 percent of the total in 1992.

Problems existing in foreign-funded enterprises were partly attributed to the government, the administrative as well as law enforcement departments, because they paid less attention to the quality of foreign-funded enterprises. In some cases local authorities worked out or adopted their own policy in violation of the state policy on and regulations of the foreign-funded enterprises.

Beijing To Bar Overseas Firms From Some Services

HK2405064994 Hong Kong SOUTH CHINA
MORNING (BUSINESS) POST in English 24 May 94
p 5

[By John Kohut in Beijing]

[Text] China welcomes foreign investment in manufacturing telecommunications equipment but will bar overseas companies from the industry's service sector in order to protect its own infant industry, a senior Chinese official says.

In response to confusion over China's policy, Xu Shanyan, a director-general in the Ministry of Posts and Telecommunications, also said yesterday foreign investors could not sell telecommunications equipment to China. Joint-venture manufacturing of equipment was allowed, he said. It was only the service sector they would be excluded from.

One of the reasons for shutting out foreigners was China needed to co-ordinate its policies and services and to link them up into a national network. Foreign participation would cause confusion. China's telecommunications industry was still in "a primitive stage", said Mr Xu. He added the move did not conflict with the principles of the General Agreement on Tariffs and Trade which China wanted to join. But China did want to improve its manufacturing capabilities, he said.

"We would like to actively co-operate with foreign manufacturers. We are still exploring beneficial ways for foreign investment." Some foreigners are wary of China's demands. "The industry is moving so fast that we just can't move operations of our most advanced equipment to China," said one American businessman.

Mr Xu said by the end of the decade China could have as many as 140 million telephone lines, compared with about 40 million now, and the waiting list for installation could be reduced to one month from the current six or more months. China is due to spend about U.S.\$41

billion over the next six years to create a telecommunications network. It will include massive construction of trunk optical cables, satellite earth stations, digital microwave lines, a postal air cargo system and expanded telephone exchange capacity.

In Beijing, the number of telephone lines increased from 113,000 in 1980 to 560,000 in 1990. The city, with a population of 10.5 million people has a telephone exchange capacity of 1.05 million lines with 663,000 actually installed. By the end of the year, capacity should rise to 1.54 million with installations at 970,000, according to Jia Yong, vice-director of the Beijing Telecommunications Administration.

Beijing Seeks To Promote Shanghai, Maintain Control

HK2105083194 Hong Kong SOUTH CHINA
MORNING POST (BUSINESS POST) in English 21
May 94 p 3

[By Foo Choy Peng]

[Text] Unable to check the autonomy in southern China, Beijing is using its clout to ensure Shanghai is controlled, prosperous and an economic counterbalance to Hong Kong-Guangdong, says the Economist Intelligence Unit (EIU). "As the bonding between Guangzhou and Hong Kong intensifies, Shanghai is becoming increasingly vital to Beijing," the EIU says in its report "Shaping a business in Shanghai".

As Beijing's latest darling, Shanghai has the leverage to set a 10 to 12 per cent growth target, significantly higher than the nine per cent national ceiling. Also, it has the autonomy to approve foreign investment of up to US\$30 million, whereas other cities are limited to US\$10 million. Bigger projects need Beijing's green light.

In return for these privileges, Beijing keeps a firm grip on Shanghai, more unbending on rules than in Guangzhou, but because of its trading heritage, it is less officious than the capital. Although Shanghai's bureaucracy can be tedious, it is more consistent and less corrupt than that of southern China.

Still, the report notes that "bribery has now begun to invade the traditional guanxi (personal connections) domain, and corruption is definitely on the increase ... most Shanghai corruption is masked as fees or taxes". Foreign companies should be aware of these practices and adopt a clear anti-corruption policy before putting money in the city, the report says.

Support from Beijing notwithstanding, Shanghai, like most Chinese cities, is plagued by infrastructure bottlenecks, which are aggravated by the rising inflow of foreign funds. Unlike Western cities, which set aside about 20 per cent of urban land for road systems, Shanghai allocates only five per cent, and its road system caters to only half of the city's needs.

Despite official statements to the contrary, Shanghai is also desperately short of power, although it is making great efforts to prevent severe shortages. Sources in the business community estimate supply meets only 85 per cent of demand, although it is managed astutely to accommodate economic zones, priority foreign enterprises, and foreign residential and office complexes. "The prognosis for the future is not bright," the report says. Demand for power in Shanghai-Pudong is estimated to be rising by about 15 per cent a year, and the figure could well apply to the Yangtze Delta.

The shortage of land and labour is another concern. Wage inflation, staff turnover, and dearth of office space are particularly worrying. Availability of top-notch office space declined from 15.2 per cent in December 1992 to 1.1 per cent of total stock by March this year.

Despite the bottlenecks foreign investors are flocking to the city because of its vast potential consumer market, where discretionary income among urban workers is estimated to be 43 per cent, among the highest in the world. Foreign ventures in Shanghai producing goods for the domestic market have a range of distribution options, including the state distribution system and government wholesalers. "All promise unbeatable distribution networks. All require careful inspection," says the report.

State Agency To Regulate Property Trade

HK2205015494 Beijing CHINA DAILY in English 21
May 94 p 1

[By Liang Chao: "State To Regulate Land Transactions"]

[Text] The China Land and Real Estate Market, which opened in Beijing on Wednesday [18 May], will regulate the country's fledgling property trade, the government said.

The market, approved by the State Land Administration (SLA) and the State Commission for Economic Restructuring, will be a non-profit making agency controlling and servicing land and real estate dealers.

The market will sell land-use rights, oversee commercial transfers of the rights and regulate real estate sales.

The market is empowered to act as an estate agent, evaluating land, advertising land for sale and providing legal consultation services.

The move will help set up "an open, fair and just allocation mechanism of land," according to State Land Administration director Zou Yuchuan.

Central and provincial government will be responsible for working out the country's industrial and urban land-use plan, he said.

Zou said that other agencies involved in land deals would be put under State control.

The land management boss hinted that the government was going to stop handing out free land-use licenses for State-owned real estate.

The government was planning to sell land or lease it to the highest bidder, he said.

Government Reports State-Owned Assets Increase 'Rapidly'

OW2005211994 Beijing XINHUA Domestic Service in Chinese 0900 GMT 13 May 94

[Text] Beijing, 13 May (XINHUA)—In recent years, the total amount of China's state-owned assets rapidly increased and their economic efficiency turned for the better as our socialist market economy developed in depth. According to the latest statistics compiled by the State Administration of State Property [SASP], as of the end of 1992, the total amount of the book value of China's state-owned assets increased 14.3 percent, or 385.1 billion yuan, from 2,684.6 billion yuan in the previous year to reach 3,069.7 billion yuan (excluding either the assets in terms of resources or the army units' and armed police force units' state-owned assets).

Of the total amount of state-owned assets 1,458.4 billion yuan, or 47.5 percent, were under the management of central government units and 1,611.3 billion yuan, or 52.5 percent, were under the management of local governments. Of the total amount of state-owned assets, 72 percent, or 2,210.1 billion yuan, were used to conduct business operations, while the remaining 28 percent, or 859.6 billion yuan were not used to conduct business operations. The amount of state-owned assets used to conduct business operations posted an increase of 13.1 percent, or 256.5 billion yuan, over the previous year.

The total amount of state-owned assets represented the overwhelming majority of the total amount of assets in society. State enterprises took a leading role in the whole national economy.

In terms of sectors, as of the end of 1992, the total amount of state-owned industrial enterprises' assets reached 1,649.8 billion yuan. State-owned enterprises accounted for over 90 percent of such important industries as energy, communications, mineral products, high technology, banking, and foreign trade which have a bearing on the national economy and the people's livelihood. The growth rate of the total amount of state-owned assets of the industrial, architectural engineering, agriculture, forestry, and water conservancy sectors was higher than the national average growth rate by more than 10 percentage points. Among them, the total amount of state-owned assets of the real estate industry and enterprises that implement a shareholding system posted the fastest growth rate. As of the end of 1992, the total amount of state-owned assets of the real estate industry reached 90.5 billion yuan, an increase of 69.8 percent over the previous year, and the total amount of state-owned assets of the enterprises that implement a

shareholding system reached 28.4 billion yuan, an increase of 175.7 percent over the previous year.

In terms of regions, the state-owned assets under the management of local governments enjoyed very rapid growth in recent years. Shandong Province, whose state-owned assets posted a growth rate of as high as 30.5 percent in 1992, enjoyed the fastest growth of all. The state-owned assets of coastal areas in east China, including Shanghai, Jiangsu, Zhejiang, and Fujian, posted an average growth rate of 21.7 percent; those of south China regions, including Guangdong, Guangxi, and Hainan, 17.3 percent; and those of Shanxi, Inner Mongolia, and other regions 16.6 percent. In terms of regional distribution, coastal areas captured a bigger amount of state-owned assets than others. As of the end of 1992, the top 10 provinces and municipalities that took the leading rank in terms of the total amount of state-owned assets under the management of local governments were as follows: Guangdong had 165.7 billion yuan; Jiangsu, 103.2 billion yuan; Shandong, 102.8 billion yuan; Liaoning, 96.5 billion yuan; Sichuan, 87.7 billion yuan; Shanghai 82.7 billion yuan; Beijing, 79.2 billion yuan; Hubei, 69.6 billion yuan; Hebei, 66.3 billion yuan; and Zhejiang, 62.5 billion yuan.

An authoritative person of the SASP said: The above figures show that, expedited by reform and opening up, state-owned assets are growing continuously and very rapidly. The entire state-owned economy is continuously expanding and represents a leading force of China's national economy.

He also pointed out: As a result of deepening reform and opening up wider, state-owned enterprises have been continuously invigorated and their economic efficiency has turned for the better. At the end of 1992, China's state-owned enterprises turned 329.1 billion yuan in tax payments over to the state, an increase of 16 percent, or 45.3 billion yuan, over the previous year; they made profits worth 117.6 billion yuan, an increase of 11.3 percent, or 11.9 billion yuan, over the previous year. The ratio of enterprises that suffered losses dropped 7.3 percentage points from the previous year's 31.6 percent to 24.3 percent. The ratio that the amount of losses captured in the economic returns of business operations dropped from the previous year's 32.1 percent to 26.7 percent. The taxes paid by state-owned enterprises to the state accounted for approximately two thirds of the budgeted revenue.

State-Owned Property Rights Transactions Suspended

HK2405152694 Hong Kong CHING CHI TAO PAO in Chinese No 20, 23 May 94 p 24

[From "Chinese Economic News" Column: "Trading in State-Owned Enterprises' Property Rights Temporarily Suspended"]

[Text] The State Council General Office yesterday issued a circular on strengthening control over transactions in state enterprises' property rights.

As required by the circular, the market for these enterprises' property rights must be closed, and the operation of institutes engaged in this type of transactions must be temporarily suspended. The department concerned under the State Council will work out regulations on trading in state enterprises' property rights as soon as possible in order to standardize and legalize control over state enterprises' property rights transactions and the proceeds derived therefrom.

The circular stressed that provincial, autonomous regional, and municipal people's governments must apply to the State Council for approval before they can engage in transactions in state enterprises' property rights. The government, which has not gone through the above procedure, must immediately suspend existing transactions and apply for permission. The people's government at the prefectural city level and below shall not engage in transactions in state enterprises' property rights.

State enterprises are owned by the state. The transfer of the property rights of state enterprises controlled by local governments must be approved by the people's government at the prefectural city level and above. The State Council department concerned must apply to the State Council for approval before the property rights of state enterprises controlled by the central government can be transferred. The State Council's approval must be obtained before the property rights of exceptionally large or large state-owned enterprises (including those controlled by local governments) can be transferred.

According to the circular, before the property rights of the state-owned enterprise are transferred, the enterprise's assets, including the relevant land-use rights, must be assessed in accordance with the "Regulations on Assessing State-Owned Assets." The property rights must be transferred in accordance with the state's relevant regulations, and, after the transfer, the parties concerned must register with the proper authorities. The proceeds derived from transferring state enterprise property rights must first be used to pay off bank loans and make proper arrangements for the workers and must then be used by the people's government at the same level to support structural adjustment or to inject capital into the enterprise, which needs to be supported, instead of using the funds to cover running expenses or deficits, pay wages, or award prizes. The department managing state-owned assets must strengthen the supervision over the use of proceeds from transferring state-owned enterprise property rights. It is strictly forbidden to convert the property rights of state enterprises into shares, to sell them at low prices, to give them away to individuals without compensation, or to transfer the property rights and interests of state-owned enterprises on credit. Such mistakes must be corrected. Specific measures must be taken to properly solve problems concerning the

workers' employment and social security in transferring the property rights of state enterprises.

Meeting Sets Guidelines for Telecommunication Work

OW2105233094 Beijing XINHUA Domestic Service in Chinese 0826 GMT 14 May 94

[By reporter Chu Baoping (2806 0202 1627)]

[Text] Beijing, 14 May (XINHUA)—At a recent national meeting of directors of posts and telecommunications bureaus, Posts and Telecommunications Minister Wu Jichuan said: China's fast-growing telecommunications capacity distinctly reflects the country's backward telecommunication services. Therefore, the posts and telecommunications industry will soon build a market- and client-oriented business and service system to completely improve posts and telecommunications service focusing on improving the service style and solving crucial problems.

According to the ministry's plan, problems in installing and relocating telephones will basically be solved within two or three years. Beijing, Tianjin, Shanghai, provincial capital cities, and coastal open cities should strive to create the necessary conditions for installing telephones in a timely manner; time for repairing problematic telephones should meet the standards set by the Posts and Telecommunications Ministry; the problem of inaccurate telephone billing should be solved within a specified period; the system of allowing telephone users to inquire about telephone billing should be strictly implemented; time for mail delivery should be shortened; mail should be delivered to all accessible buildings in urban areas; and letters and newspapers should be properly delivered to all villages.

Wu Jichuan said: In addition to setting our eyes on the market and providing a series of regularized services, we should develop a service supervision mechanism that combines the efforts of posts and telecommunications departments and of our clients, and develop a system for feedback regarding our clients' complaints. Those who arbitrarily interrupt communications or retaliate against our clients must be severely punished on charges of sabotaging communications. Wu Jichuan stressed: From the perspective of safeguarding our clients' rights and interests, we should support our clients in filing complaints to higher authorities and in resorting to legal action.

At the meeting, Wu Jichuan particularly demanded that the public's recent responses to the postal and telecommunication service be relayed to the meeting's attendees. These responses included motions on the postal and telecommunication service tabled by National Committee of the Chinese People's Political Consultative Conference members; and the masses' response to the postal and telecommunication service reported by national newspapers, such as RENMIN RIBAO, XINHUA DAILY DISPATCH, and GONGREN

RIBAO. This was the first time that such responses were relayed to attendees of a national posts and telecommunications meeting.

Construction of Local Railroad Lines Accelerated

*HK2205060994 Beijing ZHONGGUO XINWEN SHE
in English 0233 GMT 21 May 94*

[Text] Beijing, May 21 (CNS)—China will start construction on some 70 local railway lines across the country in a decade to come measuring a total length of 7,000 kilometres.

The railway items which will be carried out in 12 provinces and municipalities have already been included into the Ninth Five Year Plan period which will lie between 1995 and the year 2000. There were 81 local trunk railway lines across the country as of 1993 which ran for a total length of some 4,800 kilometres in 17 provinces, municipalities and autonomous regions while nearly 20 others measuring a total length of 2,000 kilometres are now under construction.

Work on railway lines in localities proceeded at the greatest pace during the past ten years with the track laying of trunk lines measured 2,460 kilometres. The gross spending was valued at nearly RMB [renminbi] 4.6 billion, of which RMB 4.1 billion was local capital while the Ministry of Railways accounted for RMB 440 million.

The so-called local railway lines are constructed with the use of capital shouldered by local governments which make them different from the state level railway lines. Local governments are either partly or fully responsible for the running of the railway lines. Local railway lines which have already been part of China's transport network have seen their development and construction planning included into the local as well as the state level programmes.

China has in recent years formulated a number of measures to speed up construction of railway lines in a bid to alleviate the tense state of railway transportation. Those measures included encouragement given to local governments to raise capital for the building of railway lines. Some preferential practices were available such as the setting of transportation charge by local governments, exemption of revenue tax, allocation of steel for railway track replacement without payment and subsidiary loan specially for local railway lines.

The central government also encouraged local governments to bring in foreign capital to construct railway lines. The World Bank, the Asian Development Bank, some Japanese financial groups and Taiwan offered capital to fund some local railway lines which are now under construction. Six local rail lines are ready for introduction of foreign investment for construction.

State level railway lines rose from 22,000 kilometres since 1949 to 54,000 kilometres at present, a gain of

some 30,000 kilometres. Among them there were 41 rail lines running for a total of 3,100 kilometres which were handed over by local governments to the state for management, some of them became trunk lines.

Local rail lines will cover a gross length of over 8,000 kilometres across the countries and the handling capacity will reach 100 million tonnes by the year 2000. [sentence as received]

CAAC Adopt Measures To Improve Service

*HK2105041094 Beijing ZHONGGUO XINWEN SHE
in English 1304 GMT 20 May 94*

[Text] Beijing, May 20 (CNS)—Deputy directors of Civil Aviation Administration of China (CAAC) Mr Jiang Zhuping, Mr Li Zhao, Mr Shen Yuankang and Mr Bao Peide distributed assessment cards to hundreds of domestic and foreign passengers in the departure building of the Capital International Airport for collection of opinion on CAAC service. Such practice is aimed at helping CAAC improve its service.

The service improvement campaign which began last year aroused so much concern from various sectors, according to the spokesman Mr Bao Peide [sentence as received]. As the handling capacity of CAAC boosted to some extent, problems including difficulties in buying air tickets as well as serious shortage of service facilities and equipment had been settled to a certain degree. Awareness of market competition and of better service held by various branches of CAAC were strengthened. Frigid manner in offering service, poor access to information on flight, poor service seen in irregular flight schedule, delayed handling of luggage and goods as well as problems concerning damage to and loss of items and fraudulent claims, however, still existed which aroused strong dissatisfaction. Mr Bao added that CAAC was determined to adopt measures to further solve all these problems in a bid to reverse the poor reputation for civil aviation service.

It is announced that the measures include inspection on 17 air companies for their civil aviation service and 17 airports which see a heavy flow of passengers. Quality standard and regulations of civil aviation service will be closely examined. Inspectors will be specially hired to achieve this end. The rating of all these civil aviation establishments will be made for rewards and punishments.

Distribution of 100,000 assessment cards will be available in order to collect opinion on air service. A lucky draw is possible for the return of the cards. The deputy director of CAAC Mr Shen Yuankang said that the measures were aimed at encouraging civil aviation entities to make passengers and the market their criteria for better service.

The spokesman and deputy director Mr Bao Peide said that quality of service offered by CAAC would improve year by year in a bid to enable the aviation establishment

in a period of time between three and five years to reach medium- and even high-level in the international community in terms of service offered.

CAAC Invites Passengers' Appraisal

OW2005133294 Beijing XINHUA in English 1317
GMT 20 May 94

[Text] Beijing, May 20 (XINHUA)—What do you think of the services of China's Airlines? That is what passengers of the airlines under the Civil Aviation Administration of China (CAAC) will have the chance to answer on newly-launched "appraisal cards."

Jiang Zhuping, vice-director of CAAC, headed a group of CAAC staff this morning to issue the "appraisal cards" to hundreds of Chinese and foreign passengers at Beijing capital airport.

A spokesman for CAAC, Bao Peide, said that this was part of the efforts CAAC will carry out this year to improve passenger service quality.

He said that, starting from today, a total of 100,000 cards will be issued this year, and at the end of the year CAAC will list the 17 domestic airlines and major airports according to the passengers' appraisals. Those which have won high marks will get awards, while those with low marks will face sanctions.

The card asks for travellers' comments on 22 aspects of aviation services, including the service attitude of staff, flight punctuality and in-flight service.

Bao said that this year CAAC's major attention will be paid to the improvement of staff's service attitude and the services when flights are delayed.

Industry, Commerce Federation on Private Banks

HK2305005294 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 22-28 May 94 p 1

[By Wu Yunhe: "Private Businesses Are Said To Need Private Banks"]

[Text] China should set up privately owned banks to assist the development of the country's private businesses, said the All-China Federation of Industry and Commerce (FIC).

Gu Qixuan, deputy director of the economic department of the FIC, said that China should consider setting up private banks to use the country's great amount of savings to supply individual businesses with much-needed cash for capital construction.

This has become clearly important, as the country's individual savings now exceed 1,200 billion yuan (\$138 billion) and at least an other 400 billion yuan (\$46 billion) is lying idle in the pockets of the public.

At the same time, many private firms are plagued by a severe shortage of capital for expanding production and updating manufacturing technology, he added.

Gu noted that some 10 per cent of the country's private businesses have suspended operations due to financial problems, while another 30 per cent are losing money in their operations.

The introduction of privately run banking firms would not only increase market competition to stimulate the State-run banks to strive for better operations, but would also create a new financial channel for the country's fledgling private industries.

The country's privately run industries, whose output last year surpassed 397 billion yuan (\$45.6 billion), were often denied loans by the State banks, which give priority to the government's key projects.

In order to receive government financial support, some provinces and regions have given at least 83 per cent of the privately run rural enterprises the title of "collective firms," he added.

Gu predicted that by the end of this year, private businesses will number 370,000, up 55 per cent from the same period last year.

Their workforce will hit 5.35 million, up 54 per cent, and their registered assets will amount to 200 billion yuan (\$23 billion), a rise of 193 per cent from the end of 1993.

While strengthening the financial and tax management of the private businesses, government officials should also change their prejudice against individual businessmen, which have already become a major financial contributor to State coffers, he suggested.

China's private businesses are now awaiting government treatment equal to that given to State firms, even as the country wants to diversify its service industry as part of the efforts to develop a market-oriented economy. Along with the central government's decision in 1992 to encourage non-governmental businesses, most local authorities have also formulated their relevant policies on facilitating the development of local private businesses.

However, there remain imbalances in the development of private businesses among different regions of the country.

Official figures show that at least 69.85 per cent of the country's private businesses are now in East China, where economic development is faster than other areas.

Another 19 per cent are in Central China and only 1.18 per cent are in the western part of the country.

Steel Supply Exceeds Domestic Market Demand

OW2205121894 Beijing XINHUA Domestic Service in Chinese 0657 GMT 16 May 94

[By reporter Sun Jie (1327 2638)]

[Text] Beijing, 16 May (XINHUA)—Wu Xichun, news spokesman for the Ministry of Metallurgical Industry, recently disclosed that a new situation had appeared on the domestic steel products market—the total short-term supply of steel products exceeds demand.

The situation of China's iron and steel production has been very good since early this year. The output of finished steel products reached 27.6 million tonnes from January to April, registering an increase of 9.81 percent, or 2.46 million tonnes, over the output of 25.14 million tonnes posted in the same period last year. Excessive imports in the fourth quarter last year resulted in an oversupply of steel products. Coupled with the fact that the quantity of steel products imported in the first four months of this year posted growth of 5 percent over the same period last year, a new situation had appeared on the domestic steel products market—total short-term supply of steel products exceeded demand. Prices on the domestic steel products market dropped in the past two months. The prices of steel products are predicted to basically stabilize for a certain period of time to come. In view of the fact that the current inventory of steel products kept by iron and steel producing enterprises showed an increase of approximately 27 percent over the amount kept at the beginning of this year, Wu Xichun reminded foreign trade enterprises not to blindly import steel products.

Wu Xichun said: Due to the complex nature of the economy, the prices of certain steel products may rise and those of certain other steel products may drop, while the prices of most steel products will be stable. Iron and steel enterprises must pay close attention to market changes, continuously adjust the structure of their product range, and enhance their capability to adapt themselves to market changes.

Government Considers Tax Cuts for Nonferrous Metal Mines

HK2305061494 Beijing CHINA DAILY (BUSINESS WEEKLY) in English 22-28 May 94 p 8

[By Pei Jianfeng: "Tax Break Expected For Mines"]

[Text] The government is considering cutting the taxes on nonferrous metal mines as heavier tax burdens and spiralling costs are forcing almost all State-owned nonferrous metal mines out of business.

The China National Nonferrous Metals Industry Corp (CNNC) directly controls 87 mines around the country. About 85.5 per cent of them were running in the red last year.

The expected tax break will avert bankruptcy for the mines, which were burdened with new taxes beginning this year.

The value-added tax on mines was raised from 9 per cent to 17 per cent under the current taxation system. The mines also have to pay a newly added resource tax and resource compensation fee.

Putting these levies together nonferrous metals mines will have to pay 510 million yuan (\$58.6 million) more this year if not granted some relief, said CNNC officials.

At the same time price hikes for electricity, coal, oil, steel and construction materials have driven up production costs.

Unlike other industries, nonferrous metal mines cannot raise prices because of the sluggish world market.

CNNC officials hope the government will provide favourable treatment and lighten the burdens to help these debt-stricken mines survive.

Most of CNNC's mines have been in operation for 30 to 40 years. Some are exhausted and have to be closed.

Since 1992 the government has been lending money to these mines to help them relocate surplus labourers to other industries.

This is not an easy task, officials said, because these mines are located in remote areas.

In the past few years CNNC has not opened any new mines. Only a few are even being planned.

Without incentives, investors are not likely to inject money into mine constructions said CNNC officials.

In another development, China's first-quarter output of 10 major nonferrous metals reached 829,600 tons, up 10.6 per cent over the same period last year.

However, profits and taxes dropped by 53.6 per cent. More than 75 per cent of the country's nonferrous metals producers are losing money.

Young Beijing Consumers Wish for Cars

OW2305080594 Tokyo KYODO in English 0738 GMT 23 May 94

[Text] Tokyo, May 23 KYODO—A passenger car is the most desirable product among young Beijing consumers, according to a recent private survey.

The survey, conducted in January by Hori and Co., a Tokyo-based business consulting firm, also showed that more than 30 percent of the respondents preferred white in color.

The survey covered 1,000 residents of Beijing aged 16-30, nearly 80 percent of them white-collar workers.

About half of the pollees had a monthly income equivalent to about 10,400 yen to 14,300 yen. But a car costs the equivalent of between 650,000 yen and 2.6 million yen.

Next to a car, pollees said they wanted a condominium and a camcorder, according to the survey.

Harbin 'To Privatise' 5,000 Enterprises

HK2405065094 Hong Kong SOUTH CHINA MORNING (BUSINESS) POST in English 24 May 94 p 4

[By Kenneth Ko]

[Text] The capital of Heilongjiang province, Harbin, has mapped out a plan to privatise the city's 5,000 or so small to medium-sized state enterprises. Zhu Sheng-wen, the deputy mayor, said Harbin was attempting to restructure these enterprises by way of sale or lease to foreign investors, or transform them into shareholding companies.

He said the city intended to privatise half of these enterprises by the end of this year, and privatise all of them by the end of next year. The restructuring programme had the approval of the central government. For large state enterprises, the privatisation will be through the issue of H shares, B shares or joint ventures with foreign partners, he said.

Mr Zhu is leading a Harbin trade delegation to Hong Kong. The delegation is offering foreign participation in about 200 projects, including textiles, machinery, electronics, chemicals and light industry. Seventy-five small to medium-sized Harbin state enterprises are on sale to foreign investors.

New China Hong Kong Group, headed by businessman Tsui Tsin-tong, yesterday entered into deals for the restructuring of the Harbin Brewery Plant and an electrical machinery factory. The brewery joint venture will involve investment of about 580 million yuan (about HK\$516.2 million). New China Hong Kong holds a 54 percent stake in the project, according to Harbin officials. The electrical machinery project will cost U.S.\$30 million, and will expand and upgrade production. New China Hong Kong has a 45 percent interest in the venture.

Mr Zhu said about 40 percent of Harbin state enterprises were loss-making and restructuring was needed. There were about 1,380 foreign-funded enterprises in Harbin, involving investment of \$2.2 billion. A total of 652 such enterprises were funded by Hong Kong capital, worth a total of U.S.\$560 million, he said.

In the first four months of this year, a total of 98 foreign-funded enterprises were approved, involving a total foreign investment of U.S.\$110 million from foreign partners, he said.

Harbin To Sell Enterprises 'To Society'

HK2405081694 Hong Kong MING PAO in Chinese 24 May 94 p A11

[By staff reporter: "60 Percent of State-Owned Enterprises in Harbin City Suffer Losses; Authorities Plan To Change Most of Them To Nongovernmental Enterprises"]

[Text] Harbin, an important city in north China, has for years seen poor returns among state-owned enterprises, and of these, the number of loss-making ones is on the rise. The city has recently made a decisive decision, that is, except for a small number of backbone enterprises engaging in posts, telecommunications, railways, and roads, the city's 5,000 or so state-owned enterprises will be changed into nongovernmental enterprises by 1995 at the latest.

Harbin is the provincial capital of Heilongjiang, and the city's economic situation can be regarded as the epitome of the whole province. Sun Weiben, the provincial party secretary, and Shao Qihui, the provincial governor, are suspected of inefficient leadership and the inability to change the persistent situation of loss-making state-run enterprises, so they were stripped of their "official posts" by Vice Premier Zhu Rongji during his recent inspection tour of the three northeast provinces. The posts of provincial party secretary and provincial governor have been taken by Yue Qifeng and Tian Fengshan respectively.

Harbin Vice Mayor Zhu Shengchu told reporters at a public occasion in Hong Kong yesterday that the number of loss-making state-owned enterprises in the city had reached a situation where "major surgery" was unavoidable. He said that in 1991, according to an estimate, over 40 percent of the 5,000 state-owned enterprises in the city were losing money, and since last year the figure had risen to 60 percent, while many enterprises have ceased production or are operating at half capacity.

Zhu said that the city's plan to change state-owned enterprises to nongovernmental enterprises had won approval from the central authorities, and this was a pioneer move in contemporary China. At present, Harbin has 1.5 million people working in state-owned enterprises and units, and Zhu said that an absolute majority of cadres and workers "welcomed" the above-mentioned reform.

Zhu said that Harbin had decided to change more than 5,000 state-owned enterprises in the city—except for a small number of backbone state enterprises engaged in posts, telecommunications, railways, roads, and communications—into nongovernmental enterprises no later than next year. Methods to be adopted will include the joint-stock system, auctions, and leasing to workers or persons in society.

This year, Harbin will first begin work to change state-owned enterprises in the four counties of Hulan, Acheng,

Fangzheng, and Yilan to nongovernmental enterprises. Early this year, Binxian County took the lead in selling and leasing all 168 state-owned enterprises to society. Some enterprises went to their workers, who bought shares. At present, all of the factories are able to pay wages, and economic returns have greatly improved.

Soil Erosion in Yangtze Valley 'Under Control'

OW2305022094 Beijing XINHUA in English 0136
GMT 23 May 94

[Text] Guiyang, May 23 (XINHUA)—China has succeeded in its water and soil control project on the upper reaches of the Chang Jiang river, the country's longest river, bringing 26,300 square km of eroded land under control and raising forest coverage by 33 percent.

In an interview with XINHUA, Chen Junfu, an official in charge of water and soil conservation in the Chang Jiang River Water Conservancy Committee, said that the water and soil erosion control project started in 1989 on 795 rivers and streams in Yunnan, Guizhou, Sichuan, Shaanxi, Gansu and Hubei provinces.

To carry out the government-funded construction, local farmers have been improving farmland and building various water conservation projects and water diversion canals. They have also planted economic and water and soil conservation trees in the project areas.

A recent survey of 169 of the rivers involved showed that the harnessing percentage has now reached 87, and 72 percent of the soil there has been retained. The per capita arable land in the area has gone up from 0.035 hectares to 0.07 hectares. Each farmer has added 0.02 hectares of fruit trees.

The official said China will increase investment in the water and soil erosion control project so as to bring 93,000 square kilometers of soil erosion land under control before the end of the century, with special focus on the three gorges dam, a multimillion dollars hydro-electric project being built on the Chang Jiang river.

Rural Bank Savings Top 700 Billion Yuan

OW2005144294 Beijing XINHUA in English 1415
GMT 20 May 94

[Text] Beijing, May 20 (XINHUA)—China's rural bank savings amounted to 700.5 billion yuan by the end of May 15, thanks to a net increase of 90 billion during the January-May period this year.

Ma Yongwei, president of the Agricultural Bank of China (ABC) pledged here today to wipe out "IOU" notes in the state purchase of farm products in the summer and autumn harvest seasons.

The first four-and-a-half months of 1994 saw the fastest growth of China's rural savings, a 57.4 billion yuan increase compared with the same period last year.

The increase reflects a sound economic and financial situation and improved ABC services, Ma told a press conference today.

"Moreover, we can expect to have adequate fund resources to finance grain purchases this year," Ma said, stressing: "We shouldn't have any excuse to give farmers IOU notes instead of cash for their harvests."

According to the forecast of relevant departments, output of summer grain and rapeseed will exceed those of last year, if no major natural disasters occur during the next couple of weeks.

Though easing funds strains for the ABC, the deposit increase adds some pressure to the bank's business operation, some ABC officials noted.

Personal savings at present account for over 80 percent of ABC's operational capital, "with high cost of funds and considerable low-interest-rate policy lending, our bank is hardly profitable," said Ma.

He revealed that the ABC netted about 2.2 billion yuan in profits in 1993, the least among the four state specialized banks. The most profitable bank in China is the Bank of China which gained a profit of nearly 10 billion yuan last year.

However, a policy-oriented bank to finance agricultural production will start operation in the near future. "When we are relieved of policy lending, we have a brighter prospect to look forward to," said Ma.

Agriculture Bank Receives Record Peasant Deposits

HK2205015394 Beijing CHINA DAILY in English 21
May 94 p 1

[By Wu Yunhe: "Agriculture Bank Takes Record Farm Deposits"]

[Text] Farmers are saving more money than ever before, according to the Agricultural Bank of China.

The bank reported record rural deposits of more than 700 billion yuan (\$80.4 billion) at the end of last week.

Bank president Ma Yongwei said the bank had taken 90 billion yuan (\$10.3 billion) of personal savings since last December.

Farmers have become richer since the government started paying them cash instead of IOUs, for their grain and vegetables, Ma said.

So, rural savings have soared.

"At present, the bank's individual savings are experiencing a unprecedented upsurge," Ma said, adding that over the past six months, the bank had taken 100 billion yuan (\$11.5 billion) from individual depositors in the countryside.

The surge in individual savings is good news for the bank, which, as a leading creditor in rural China, needs the money to back up government buyers of farm produce during the summer harvest, Ma said.

"We have pledged that there will be no more IOUs issued to farmers this summer," he said.

At least 80 per cent of the Agricultural Bank's individual savings are fixed deposits, which will be mainly used to fund farm production and grain purchase credits.

And arbitrary levies on farmers are also being brought under control by the government, further raising farmers' living standards, he said.

Most farmers now believe that bank savings are the best way of protecting their assets, the bank said.

The State Information Centre predicts that during the first half of this year, rural per capita income will grow 9 per cent.

Last year the country's farmers only earned 3.2 per cent more than in 1992, while urban residents saw their income rise by 10.2 per cent during the same period.

The gap between rural and urban living standards appears to be narrowing this year.

Beijing To Increase Funding for Agriculture

HK2505050694 Beijing ZHONGGUO XINWEN SHE
in English 1353 GMT 24 May 94

[Text] Beijing, May 24 (CNS)—The State Council of China has decided to enhance the ratio of agricultural loans to the total loan amount to 10 percent up from 6 percent of the last year in bid for the harvest of grain, cotton and vegetables and curbing the inflation.

Early this year, the Agriculture Bank of China set the agricultural loan of RMB 29 billion [renminbi], 28 percent up over last year. In addition, RMB 4 billion poverty-relief loans and RMB 2 billion loans for comprehensive development had been also arranged. The increase in ratio of agricultural loan set by the State Council makes it possible for above-mentioned loans to have corresponding increase.

The Agricultural Bank also stated that the special emphasis would be placed on supporting the development of agriculture and rural economy, on the development of high-added value industries and products, the implementation of "the Star Program" and the poverty-relief program of the eighth five-year plan in particular.

On May 22, Vice Premier Mr Zhu Rongji held a seminar on the economic works of seven provinces in Zhengzhou city of Henan Province, calling for local authorities at various level to carry out the agricultural policies of the central government and to bring into play of farmers' enthusiasm of planting grain and cotton in bid for the

harvest of grain and cotton. The production of "the food basket" should be also handled well and the funds of purchase be guaranteed.

Article Views Effects of Rural Migration

HK2205015594 Beijing CHINA DAILY in English 21
May 94 p 4

[Article from the "Opinion" page: "The Ripple Effect of Rural Migration"]

[Text] If the mass movement of peasants to the urban areas over the last few years is an indication of a trend, the '90s will possibly be remembered as the decade of migration.

Anyone having had the misfortune of riding a train during the Chinese Spring Festival holidays can testify to the enormous scale of the migration taking place.

Young peasants, their belongings in a bedroll, clog railway station courtyards, often for days, before they head into the city to find their dream job as construction worker or domestics.

The exodus, mainly from central and western regions by farmers in search of a job in the east or coastal areas, has been analyzed in depth by the journal, Chinese Rural Economy [ZHONGGUO NONGCUN JINGJI].

The study covers the migration's causes, characteristics and social impacts and discusses governmental attitudes and the need for action towards the phenomenon.

The scale of the migration has been swelling rapidly. Statistics from Sichuan, Anhui, Hunan, Hubei, Henan and Jiangxi provinces indicate that, in 1982, fewer than 1 million farmers left their hometowns to do seasonal work in other areas. A decade later, the number had skyrocketed to at least 24 million.

The bulk of the increase has appeared in the last two or three years.

For example, in the first half of 1991, only 200,000 farmers left their hometowns in Jiangxi Province, but in 1993, more than 3 million followed the tide—accounting for one fifth of the province's rural labourers.

Studies also show that the migrants are going further afield. In the early '80s, farmers worked only in neighboring cities or counties, but in 1993 20 million of them went to other provinces or even foreign countries.

They also have tended to stay away from their homes for longer stretches of time.

They are engaged in a greater variety of businesses, including industry, civil engineering, transport, commerce and service trades. Some have even become experienced technicians.

Among Beijing's 100,000 rural farmers from Anhui Province, 57 per cent of them work in the industrial and civil engineering sectors.

Migration is a gregarious activity. Few set out alone. Most travel in groups organized by themselves or local companies.

Many factors have contributed to farmers' migration.

Firstly, rural areas simply don't have enough jobs for all the labourers. At present, rural areas have more than 100 million surplus labourers. As the population grows, the situation can only worsen. Demographers estimate that this number will swell by another 6 to 7 million.

Secondly, the rapid development of certain regions creates a need for migrant labourers. Once employed, migrants can earn about 2,500 yuan (\$287) a year, far more than they were able to make back home.

Thirdly, the widening gap in the cost of living between different areas and trades is also a driving force. This is due in part to the soaring prices of fertilizers, insecticides and machinery needed for agriculture, while farmers can still fetch only relatively low prices for their goods.

Fourthly, the farmers' change of attitude and the governments' flexible policy towards migration have made the movement possible.

Overall, is migration a good or bad phenomenon? Undoubtedly, it has benefited both rural and urban areas. In 1992 migrating farmers from Sichuan, Anhui, Hunan, Hubei, Henan and Jiangxi provinces earned a total of 28 billion yuan (\$3.2 billion). Farmers from Anhui alone made 7.5 billion yuan (\$862 millions, 2 billion yuan \$230 million) more than the province's annual financial revenue.

The increase in the farmers' personal wealth has improved their living standards. Some money has been used to start other industrial businesses and service trades, thus creating more job opportunities.

Also, with fewer farmers cultivating the land and fracturing the market, the farms can, if well-managed, reach economies of scale with high productivity and reasonable profit margins.

Advanced regions have employed the cheap labour force to develop their industries and service sector as well as developing suburban agriculture for the city markets.

The flow of labour has strengthened the connection between rural and urban areas, helped the formation of a unified and open national labour market, and put pressure on the government to speed up the reform of residence and employment laws. Finally, migration has educated farmers.

However, the phenomenon is not without its negative consequences. Great pressure has been exerted on the

country's transport, urban infrastructure and social stability. Some farmers see migration as an opportunity to skirt around family planning laws.

The article recommends the government take certain measures to put the migration in order.

Firstly, the government should set up a unified labour market composed of job centres that help the surplus labourers locate work. Information networks that provide forecasts on labour supply and demand would also be useful. Laws on labour, labour contracts and social security should be drafted.

Secondly, to facilitate the establishment of a unified labour market, trans-provincial co-operation should be enhanced to better regulate the labour flow.

Since 1991, Guangdong, Sichuan, Hunan provinces and Guangxi Zhuang Autonomous Region have decided to collaborate on the labour flow. A further five provinces have now joined the group.

In 1989, 70 per cent of the labourers entering Guangdong had no arrangements for work; now only 5 per cent of the annual 6.5 million come without preparation.

Thirdly, the central government should make the development of labour resources part of the country's comprehensive social and economic development plan.

While planning for urban construction, the authorities should consider the issue of migration.

Policies should be made to encourage the shift of farmers to other businesses. The system of land use and the management of collective property should be reformed. Some places now permit farmers to transfer land-use rights, while some have introduced the share holding system in the management of collective property. The article said that these experiments are worthwhile.

The current residence registration system should be reformed to allow farmers to become urban residents in towns and small cities.

Fourthly, measures should be taken to check the volume of labourers during the busy Spring Festival period.

Lastly, rural township enterprises, towns, farmland capital construction and the service industry should be encouraged to create more job opportunities within the rural areas.

Book Details Contributions to Science, Technology

OW2005143794 Beijing XINHUA in English 1420
GMT 20 May 94

[Text] Beijing, May 20 (XINHUA)—China will complete a 34-volume collection of the biographies of 1,500 outstanding modern and contemporary scientists by 1995. This will be the first such work.

According to officials from the China Association for Sciences and Technology (CAST), eight volumes of the book have already been published.

Zhu Guangya, chairman of the association, who is in charge of the compilation, said that the book is a reflection of the contributions made by the scientists to China's achievements in science and technology and social progress.

The book contains precious records about the history of the country's scientific and technological development, said the chairman, who is one of the country's best known scientists.

In another development, a scientific and technological experts' publishing fund was set up today, with about one million yuan allocated by cast as capital.

The fund is designed to finance publication of the book, audio and video products about Chinese scientists and history of science and technology in modern and contemporary China.

Despite China's gradually increasing investment in sciences, many academic books could not be published because of inadequate financing.

The fund will accept donations from home and abroad.

East Region

First Buddhist Medicine Symposium Closes in Fujian

OW2405185194 Beijing XINHUA in English 1437
GMT 24 May 94

[Text] Fuzhou, May 24 (XINHUA)—The first China Buddhist medicine symposium came to a close today in Wuyishan City, in east China's Fujian Province.

About 90 experts and scholars from the medical community of 15 provinces and municipalities across the country attended the three-day conference, which received more than 70 papers. The meeting also announced the establishment of Wuyishan Society of Buddhist Medicine.

Participants in the symposium held that Buddhist medicine is a combination of natural science and humane studies, and is an important part of traditional Chinese medicine.

They believed that Buddhist medicine has also proved effective in curing some difficult and complicated cases of illness in the fields of surgery, gynecology, ophthalmology and in curing cancers, but they also stressed the need to strengthen research and development of Buddhist medicine and enhance exchanges with overseas corresponding organizations.

The conference heard that scientific research and teaching of Buddhist medicine have made great progress in the past ten and more years.

So far, Buddhist clinics, hospitals and related academic research institutes have been established in a dozen provinces, municipalities and autonomous regions, as well as at grass-roots Buddhist associations and in many famous temples.

Jiangsu To Continue 'Speedy Economic Growth'

HK2505080994 Beijing CHINA DAILY in English 25
May 94 p 1

[By Ma Chenguang: "Jiangsu Pioneers Reform in Real Estate"]

[Text] Jiangsu Province plans to continue pioneering speedy economic growth in coastal areas and will usher in a new boom in the real estate industry in the coming months.

Two regulations to be introduced in Jiangsu later this year will ensure a sound development of its fledgling property market, provincial authorities announced in Beijing yesterday.

The move is part of the efforts to regulate its bustling real estate business and ensure a healthy economic growth, said Wu Tingxiang, deputy director of the General Office of Jiangsu.

The first drafts of regulations on real estate management and development are now being examined by the Provincial People's Congress and the provincial administration.

Meanwhile, a bill governing urban construction is likely to be endorsed next month, Wu said.

The province also plans to expand its foreign-oriented production and foreign trade and speed up its infrastructure and basic industries.

On Sunday, Premier Li Peng concluded a six-day tour of the province inspecting its progress in all spheres, the Xinhua News Agency reported on Monday.

The premier praised the province for a rapid economic development and remarkably improving urban and rural living standards, the report said.

Last year, the gross domestic product of Jiangsu reached 255 billion yuan (\$29.3 billion), an 18.5 per cent increase over 1992.

According to Wu, Jiangsu is striving to expand its industries in all possible ways.

In transport, projects are well under way for construction of the Nanjing-Shanghai Expressway, the Nanjing-Lianyung highway, and dredging the part of the Great Canal in Jiangsu.

And it is also speeding up work on the new Nanjing Airport, the Yangtze Highway Bridge in Jiangyin and a new railway in Jiangsu.

In infrastructure, construction is continuing on 10 state-level development zones, and 48 provincial-level development zones.

Real estate, as one of the province's pillar industries, is now enjoying a boom in Jiangsu, Wu said.

The number of real estate firms reached 2,400 last year, 27.5 per cent of which are joint-ventures.

Last year, more than 13 billion yuan (\$1.49 billion) was spent in the sector in constructing commercial and residential buildings, taking up 12 per cent of Jiangsu's investment in fixed assets.

Shandong Governor Discusses Current Economic Work

SK2505103194 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 23 May 94

[Text] From 22 to 23 May, after leading responsible comrades of the departments directly under the provincial authorities to attend the forum on economic work of three provinces convened by Comrade Zhu Rongji in Henan Province, Zhao Zhihao, deputy secretary of the provincial party committee and governor of Shandong Province, travelled to Heze and Jining to conduct investigation and inspect work.

When talking about the current economic work, Zhao Zhihao stressed: All levels of departments in the province should pay close attention to summer planting, harvesting, and field management in a timely manner to ensure bumper harvest and should be meticulous in organizing economic operation with focus on improving economic efficiency in order to resolve conspicuous problems and promote the sustained and sound development of the provincial economy.

Zhao Zhihao said: From January to April, the general economic situation of the province was very good; various reforms, particularly the reforms of finance, tax, investment enterprises, and foreign exchange management, proceeded smoothly; old systems were giving way to the new steadily; and positive and remarkable results were achieved in economic development. However, some conspicuous contradictions and problems also existed in economic operation. In particular, deficits of enterprises increased, more enterprises faced difficulties, and the margin of price hikes was high. All levels of departments must pay high attention to these problems.

Zhao Zhihao stressed: This year, wheat is doing well throughout the province, and the wheatfields promise a good harvest. All levels of departments should be prepared in ideology and work and seize the current good opportunity to quickly harvest and thresh wheat in order to reap a bumper harvest. At the same time, good preparations should be made for the sowing of summer cotton in order to sow as much cotton as possible. All levels of grain management departments should voluntarily and conscientiously make preparations for procuring summer grain.

Zhao Zhihao stressed: We should successfully organize the operation of industrial economy by firmly persisting in the central task of improving economic efficiency. We should go all out to promote sales and increase the marketing rate of products. We should resolutely correct the erroneous tendency of blindly competing for high-speed development. We should exert great efforts in improving enterprise management and strictly controlling the quality of products, the cost of production, and the operation of funds with a view to improving economic efficiency, by focusing on straightening out and strengthening leading bodies of enterprises and on strengthening the basic work. We should go all out to help the enterprises facing difficulties find out the roots of their problems and study how to develop themselves in the future. Great efforts should also be made to help such enterprises resolve their problems concerning livelihood of workers.

Zhao Zhihao stressed emphatically: All levels of governments and responsible departments should organize forces to go deep into enterprises to help them resolve their practical problems. They should seize the current opportunity and resolutely depend on reforms to resolve problems for the small and medium-sized enterprises that have long been operated at a loss.

Shanghai Shortens Taiwan Cleric's Stay

OW2505043294 Shanghai People's Radio Network in Mandarin 2300 GMT 23 May 94

[From the "990 Morning News" program]

[Text] Acting in accordance with the law, the municipal public security bureau shortened the stay of Wu Yuankun, a missionary from Taiwan's Christian Association of Sunday Schools, because he engaged in illegal activities which jeopardized social stability and normal religious activities during his stay in Shanghai. Wu returned to Taiwan by plane yesterday [23 May].

Shanghai To Hold Overseas Chinese Investment Fair

OW2505015794 Beijing XINHUA in English 0132 GMT 25 May 94

[Text] Shanghai, May 25 (XINHUA)—The '94 Shanghai Overseas Chinese Investment Fair will be held here in September.

Sponsored by Shanghai Overseas Chinese Affairs Office, Shanghai Overseas Investment Committee and the New Pudong District, the fair will provide more than 1,000 projects for overseas businessmen to select for possible investment.

The projects include Xupu bridge across the Huangpu river, the first phase project of No. 2 subway, the No. 2 water supply plant in Jiading and Pudong garbage incineration plant.

Some large, medium and small-sized enterprises, such as clothing factories, food-stuff factories, new-type building material plant, and jewellery-processing factory are also expected to cooperate with overseas businessmen.

There are about 400,000 Overseas Chinese in all parts of the globe who have close family links with Shanghai. In recent years, the Overseas Chinese have made great contributions to the economic development of the city.

By the end of 1993, of more than 7,000 overseas-funded enterprises in Shanghai, ones funded by Overseas Chinese account for about 65 percent.

Ling Rong, director of Shanghai Municipal Overseas Chinese Affairs Office, said that during the fair, the organizing committee would invite the participants to inspect the investment environment of the city.

Zhejiang Firms To Thrive Despite 'Difficulties'

OW2505022994 Beijing XINHUA in English 0215 GMT 25 May 94

[Text] Hangzhou, May 25 (XINHUA)—Township-run enterprises, an economic power-house in east China's Zhejiang Province, will continue to thrive despite temporary difficulties, according to a provincial government official.

Qian Xinhao, deputy director of the provincial bureau of township-run enterprises, said that Zhejiang currently has more than 100,000 such enterprises.

They manufactured 300 billion yuan worth of goods in 1993, accounting for 75 percent of Zhejiang's gross domestic product, the value of goods and services produced province wide, he said.

That figure also formed 11 percent of the output value of rural industries throughout China, he added.

Under the tax reform begun earlier this year, rural companies no longer enjoy lower tax rates as they did before, Qian said.

Moreover, most of them are now suffering from acute shortages of funds because the Chinese government has tightened credit control in an effort to ensure top-priority construction projects, he said.

Consequently, the profits of rural businesses plunged nearly 27 percent in the first quarter of 1994 to 679 million yuan, he said.

"Even so, the development momentum of rural enterprises in Zhejiang is good on the whole," he said.

For example, output value of these enterprises amounted to 111.2 billion yuan during the first four months of 1994, up 80 percent over the same period in 1993.

To overcome the present difficulties, rural enterprises have accelerated the introduction of the joint-stock cooperative system, he said.

According to Qian, the new system has turned workers into shareholders and has tied up shareholders' incomes and fringe benefits with their enterprises, thus resulting in higher productivity.

To date, over 60,000 rural businesses have introduced the new system, he said.

"Many rural enterprises have shifted their attention to the international market," he said.

So far, 119 rural firms have opened factories and subsidiaries in other countries.

For example, the Zhedong Cement Pipe Factory in Yinxian county has built a factory in the Philippines at a cost of 15 million yuan in a move to break into the local market.

Furthermore, rural enterprises in Zhejiang are trying to promote cooperation with their colleagues in underdeveloped central and western parts of China, he said.

They have proposed 100 major projects for cooperation with township-run enterprises in Henan province and the Xinjiang Uygur Autonomous Region.

The deputy director also noted that production of rural firms set up by groups of farmers or individual farmers has been growing rapidly.

During the January-April period, output value of such firms amounted to 45.2 billion yuan, up 182 percent on the same period in 1993, he said.

Central-South Region

Guangdong Strengthens Public Security Work

HK2505050094 Beijing ZHONGGUO XINWEN SHE
in English 1251 GMT 24 May 94

[Text] Guangzhou, May 24 (CNS)—Guangdong Province has been concentrating on the consolidation of public security there since this year. Special campaigns against criminals at railway lines and robbery of automobiles have achieved initial results and public order is now turning for the better.

In recent years, the province has seen an increasingly grim public security situation which has become a hot-point of common concerns.

According to three surveys conducted in recent three years, among five items with which residents in the province are unsatisfactory, the situation of public security had twice topped the list and ranked the second for one time. 74.4 percent to 81.5 percent of residents there are unsatisfactory with the situation of public security [paragraph as received].

The police force in the province has organized a number of campaigns against crimes this year. During the period of the Lunar New Year, they waged a special campaign against criminals committing crimes at railway lines with more than 5000 cases dealt with and nearly 3000 criminals from more than 200 gangs seized. In April, the police force staged another special campaign against the robbery of automobiles with over 2900 cases dealt with, over 2300 cars seized and more than 2400 criminals from 490 gangs arrested.

The province has seen more than 10 million migrant people flowing in every year which also formed the reason for the increase in the number of crimes there. The crimes committed by some migrant people covered more than half of the total number of criminal cases in the Province.

In addition, according to statistics of police force, more than 40000 criminal cases occurred in the province from January to April this year, over 10 percent up than the same period of last year, and the number of big cases showed high growth in particular.

The police force there has taken two new measures to consolidate public security. First, more than 4000 policemen have gone on patrol in the medium- and large-scale cities of the Province, and county towns and the above county-town cities will all have their policemen on patrol by the end of this year. Second, the administration over migrant people will be strengthened.

Guangzhou To Build Consulate District*HK2505050994 Beijing ZHONGGUO XINWEN SHE
in English 1352 GMT 24 May 94*

[Text] Guangzhou, May 24 (CNS)—In order to meet the need of setting up consulates by foreign countries in Guangzhou, capital of Guangdong Province, the provincial government has recently decided that a new consulate district will be constructed in the city.

Under the overall layout drawn up by the municipality, all preliminary works on this project have been underway. According to an official from the Municipal Bureau of Urban Construction Planning, the consulate district will consist of three parts, namely, the consulate area situated at the district's central, the supplementary development area in its west and the residential area in its east. In the consulate area, the city will delimit 17 pieces of land for the construction, in the supplementary development area, office buildings and luxurious flats will be built and at the central district, a park of 250 metres in length and 16 metres in width will be constructed.

According to a leader of the Municipal Land Development Centre, the consulate district will occupy an area of over 190,000 square metres. Work on land acquisition and leveling has so far been completed and supply of water and electricity for construction will be available by the end of this month the gas pipeline is under design. Other preparation work for construction project will be all completed in July this year.

Southwest Region**Tibet Leaders Examine 'Antisplittism' Situation***OW2405125094 Lhasa Tibet Television Network in
Mandarin 1200 GMT 23 May 94*

[From the "Regional News Hookup" program]

[Text] A regional conference attended by leading party member-cadres of provincial- and prefectural-level departments took place at the Hall of the Tibetan People on the afternoon of 22 May.

Leading comrades of the regional party committee, the regional people's congress, the regional government, and the regional committee of the Chinese People's Political Consultative Conference attended the meeting which was chaired by regional party committee secretary Chen Kuiyuan.

Comrade Raidi, executive deputy secretary of the regional party committee, gave a speech on the situation regarding Tibet's fight against splittism and the work to do in stabilizing the situation. [video shows close-up of Raidi reading from prepared notes, close-ups of Chen Kuiyuan and other Tibetan leaders perusing Raidi's report] He said: On the whole, Tibet's fight against splittism is satisfactory. The region is politically and

socially stable, people of all nationalities are united, and the defense is strong along border areas. This has created a social environment good for reform, opening up, and economic construction; and good for improving people's livelihood. Owing to their class nature, however, hostile forces in the world and separatists at home and abroad will never accept their defeat willingly. They will continue to do everything they can to intensify their splittist activities. The antisplittist situation we are now facing is therefore still a severe one, and the mission we have to carry out is a formidable one.

Raidi said: All party and government organizations and we, as leading cadres, must be vigilant in peace time. We must have a clear understanding of the problems and the acute and complex antisplittist struggle we are now facing. We must have a clear idea of the situation, and know our assignments and carry them out properly. We must take the necessary precautionary measures against what might occur.

Raidi emphatically pointed out: Leadership is critical for stabilizing the situation. The regional party committee expects that top party and government leaders as well as all units will take personal charge of the work of stabilizing the situation, regularly study the situation and problems in their respective areas and units, and come up with plans with which they can lead the vast number of cadres and worker to fight splittism. Leading cadres must firmly and unequivocally handle major issues of principles.

To ensure Tibet's stability and the normal and healthy development of reform, opening up, and economic construction, Raidi urged party committees and governments at all levels to unite all forces that can be united, mobilize the initiative of all social quarters, and, on the basis of closely relying on the masses, build a stronger patriotic united front and give full rein to the special roles played by patriots and religious leaders of all nationalities in all quarters in fighting splittism and in stabilizing the situation.

Expressing his views on economic affairs, regional government chairman Gyaincain Norbu said: Since the beginning of the year, government organs at all levels, implementing the guidelines laid down by the Fifth Enlarged Plenary Session of the Fourth Tibet Regional Party Committee and by the regional economic conference, have intensified their reform efforts and opened wider to the outside world, and have achieved preliminary results in developing the economy. Compared with the same period last year, growth has been registered in all sectors—agriculture, animal husbandry, industry, communications and transportation, capital construction, foreign trade, tourism, taxation, and banking. We have achieved the expected results. This year's reform projects require great efforts because the scope is broad, the standards are high, there are many problems to be resolved, and the assignments are heavy. To make sure that all reform projects are carried out successfully, we must stand firm in launching reform, fully understand

what has to be done, educate the masses about reform, and make genuine efforts to speed up reform. Gyaincain Norbu also put forward requirements for accomplishing various production projects, making adequate arrangements for what the masses' needs in their daily life, intensifying the preparations for [word indistinct] construction projects, improving work style, and promoting planned parenthood.

Those attending the meeting also heard a report given by Comrade Zi Cheng, member of the regional party committee standing committee and secretary of its Politics and Law Committee, on the situation regarding public order and the fight against splittism.

In conclusion, Comrade Chen Kuiyuan stressed that the meeting was significant for Tibet in deepening reform, speeding up development, and maintaining stability. He said all prefectures, cities, and departments must earnestly implement its guidelines.

Tibet People's Congress Raps Splittism

OW2505104594 Lhasa Tibet Television Network in Mandarin 1200 GMT 24 May 94

[From the "Regional News Hookup" program]

[Text] After successfully completing various agendas with joint efforts of all its deputies, the Second Session of the Sixth Tibet Autonomous Regional People's Congress ended victoriously on the afternoon of 24 May.

The Second Session of the Sixth Tibet Autonomous Regional People's Congress held its fourth meeting at the People's Hall of Tibet. Comrade Raidi, executive chairman of the session and chairman of the session's presidium standing committee, chaired the meeting.

Seated at the rostrum's front row were chairmen of the session's presidium standing committee Puqung, Zheng Ying, Sengqen Lozong Gyaincain, Pudoje, Namgyai, Samding Doje Pamo, (Deqing Quzhen), Gong Daxi, Tian Fujun, Baima Duoji, (Yongzhong Dawa), and (Cui Jiguo).

Also seated at the rostrum were Pagbalha Geleg Namgyai, vice chairman of the National People's Congress Standing Committee; and leaders of the autonomous regional party committee and government Chen Kuiyuan, Gyaincain Norbu, Basang, Hu Yongzhu, Zi Cheng, Lieque, Buqiong, and (Lu Huimin).

Other than members of the session's presidium, those sitting at the rostrum also included leaders of the autonomous regional government, the regional Chinese People's Political Consultative Conference committee, the Tibet Military District, the regional people's armed police corps, the regional higher people's court, and the regional people's procuratorate.

The number of deputies who were supposed to attend the meeting was 448; 36 requested a leave of absence due to

sickness or other reasons. The number of attending deputies was 362, enough to qualify for a quorum.

Attending the meeting as observers were the secretary general of the autonomous regional people's government; deputy secretaries general of the autonomous regional people's congress standing committee; comrades in charge of various autonomous regional departments, bureaus, commissions, institutions of higher learning, Tibet-based offices from other inland provinces and municipalities, and units under the party Central Committee; and comrades in charge of various prefectures, cities, and counties.

Voting with a show of hands at the meeting, the deputies adopted a resolution on the government work report. After careful deliberation, the meeting held: With joint efforts of governments at various levels, Tibet remarkably accelerated its pace of reform and opening up in 1993. Tibet has further developed its economy, has further enhanced its political stability, has further fostered unity among nationalities, and has accomplished new achievements in various construction projects.

The meeting urged: Governments at various levels should earnestly study socialist market economic theories, liberate the mind, change their functions, improve workstyles, comprehensively perform practical work, immerse themselves among the masses, industriously and practically administer their work, and handle and carry out concrete tasks. They should conscientiously implement and enforce laws and regulations; administer their work according to law; and continually improve their capability and competence to lead the drive for reform, opening up, and socialist modernization.

The meeting urged: Rallying around the party Central Committee with Comrade Jiang Zemin as the core, Tibet's people of various nationalities should closely unite. Under the leadership of the regional party committee, we should be of one heart and one mind; be united and forge ahead; greet the autonomous regional 30th founding anniversary with outstanding accomplishments; work hard; and wage arduous struggles to facilitate a healthy, rapid, and sustained development [jian kang kuai su chi xu fa zhan] of Tibet's economy and bring about all-round social progress.

The meeting also unanimously adopted a resolution on the implementation of Tibet's economic and social development plans in 1993 and on the plans of Tibet's economic and social development in 1994; adopted a resolution on Tibet's final financial accounts in 1993 and on Tibet's budget in 1994; adopted a resolution on a Tibet Autonomous Regional People's Congress Standing Committee work report; adopted a resolution on an autonomous regional higher people's court work report; and adopted a resolution on an autonomous regional people's procuratorate work report.

Raidi, executive chairman of the session and chairman of the autonomous regional people's congress, delivered an important speech at the meeting.

He said: The Second Session of the Sixth Tibet Autonomous Regional People's Congress has strictly stressed the central topics regarding stability, reform, and development; has paid close attention to the overall situation of seizing opportunities, deepening reform, opening up wider to the outside world, enhancing development, and maintaining stability; and has fully promoted the spirit of democracy, unity, motivational atmosphere, and realism [min zhu tuan jie gu jin qiu shi]. All the deputies have liberated their minds, sought truth from facts, freely expressed their views, pooled the masses' wisdom, and earnestly deliberated and adopted a government work report delivered by Chairman Gyaincain Norbu and various other items of the session's agenda. The meeting has further specified the guiding ideologies, basic guiding principles, and major missions for us to perform Tibet's work in 1994.

Comrade Raidi pointed out: The key to implementing the session's guidelines is to correctly handle relations among stability, reform, and development. While maintaining stability, we should strive to enhance reform and development; and should, in turn, promote social stability with enhanced reform and development. Stability is the prerequisite, reform is the driving force, and development is the foundation. All three are supplementary and complimentary to one another. We definitely cannot pay more attention to one while neglecting the others.

He said: The year 1994 is crucial for Tibet to conduct comprehensive reform, to advance forward in an all-around manner, to make major breakthroughs in certain aspects, and to accelerate its pace of establishing a socialist market economy. We should unwaveringly uphold the basic line of one central task and two basic points, earnestly implement various session resolutions, seize favorable opportunities, deepen reform, accelerate development, and maintain stability.

At present, Tibet has political stability, stable popular support, social stability, unity among nationalities, and a solid border defense. However, many unstable factors still exist. Particularly, domestic and foreign splittist elements have ganged up with international hostile forces. They are intensifying, in every possible way, their splittist and sabotaging activities. We must thoroughly launch antisplittist struggles; must sternly crack down on various splittist activities; and must make vigorous efforts to safeguard the motherland's unification, to strengthen unity among nationalities, to protect Tibet's political stability, and to ensure smooth progress in Tibet's economic construction, reform, and opening up.

Raidi pointed out: At present, the principal tasks for people's congresses at various levels in Tibet are to earnestly implement the session's guidelines, to take into account Tibet's realities while continually keeping close contacts with the realities of life and conducting investigations and studies, to rally efforts to establish a socialist market economy, to develop Tibet's economy, to launch antisplittist struggles, to maintain political

stability, to strengthen legislative work, to publicize general legal knowledge, to upgrade law-enforcement, to further improve the system of people's congress, and to fully protect the democratic rights of people who are masters of their own affairs and destiny. Leading cadres at various levels must further improve their understanding, change their workstyles, and perform realistic tasks.

Comrade Raidi eventually expressed his hope: After returning to their respective posts, all the deputies should continually publicize the session's guidelines; implement the session's resolutions; and accomplish new results in enhancing reform, opening up, economic construction, social stability, democracy, and the legal system in Tibet.

At 1640 [0840 GMT], the Second Session of the Sixth Tibet Autonomous Regional People's Congress closed victoriously amidst the rousing national anthem.

Commentary on Conclusion of 'Two Sessions' in Tibet

OW2505073694 Lhasa Tibet Television Network in Mandarin 1200 GMT 24 May 94

[Station commentary from the "Regional News Hookup" program: "Implement the Guidelines of the Two Sessions, Promote Development and Stability—Congratulating the Successful Conclusion of the Second Session of the Sixth Regional People's Congress and the Second Session of the Sixth Chinese People's Political Consultative Conference Regional Committee"]

[Text] The second sessions of the sixth regional people's congress and the sixth Chinese People's Political Consultative Conference [CPPCC] regional committee, which have attracted the attention of the people of all nationalities in Tibet, successfully concluded after completing all items on their respective agendas. Guided by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and by the party's basic line, people's congress deputies and CPPCC members focused their attention on the overall situation of reform, development, and stability; displayed the spirit of democracy and awareness of participating in the discussion and administration of state affairs; diligently examined and deliberated the government work report and other reports with a profound sense of responsibility as masters of the region; and offered suggestions to jointly lay the general principles for Tibet's construction. As a result, these two sessions are congregations of democracy, realism, unity, and courageous advance.

The deputies and members highly evaluated Chairman Gyaincain Norbu's government work report. They said: The report realistically affirmed last year's achievements while identifying with a cool head difficulties and problems on the road of advance. The clearly defined fighting goal and arrangements, as well as effective measures for the work of this year, accord with the realities in Tibet, reflect the vital interests and aspirations of the people of

all nationalities in the region, and will certainly inspire cadres and people of all nationalities to work hard and confidently and to strive to fulfill the various tasks laid by the sessions for Tibet.

The general principles and tasks for Tibet's work for this year have been set and clarified. What is important now is their implementation. All localities and departments should earnestly transmit and study the two sessions' guidelines; should familiarize themselves with the government work report and other relevant reports; and, in the light of reality, should summarize and check last year's work on the basis of the guidelines. We should recognize our achievements to strengthen our confidence and fighting spirit, as well as our shortcomings and defects to enhance the sense of urgency and try our utmost to catch up with other provinces and regions. We should judge the hour and size up the situation, correctly analyzing the situation and work conditions and broadening our vision to formulate fighting goals and tasks that can be achieved through hard work. We should work out practical and effective measures to translate the sessions' guidelines into concrete actions of the people of all nationalities.

Promoting a sustained, rapid, and healthy growth of the regional economy was one of the main topics discussed in the two sessions, as well as the central task to which we must pay close attention. Reform is the powerful motive force for development. In recent years, Tibet has seized the opportunity for deepening reform and opening up wider, thereby promoting economic and social development and maintaining political stability. This year is crucial for Tibet in carrying out comprehensive reform, to combine package reform programs with breakthroughs in key areas, and to accelerate the establishment of a socialist market economic system. In accordance with the unified arrangements made by the people's congress session, we should make reform the top priority of the overall situation, strengthen the intensity of reform, work out well-conceived plans for implementation, and instill new vitality into the reform programs aimed at establishing a new socialist market economic system and achieving a sustained development of the economy.

Changing the operating mechanisms, optimizing the structure, improving the management, popularizing technological advances, and increasing labor productivity are the starting points as well as the basis of our economic work. We should further strengthen the position of agriculture and animal husbandry as the foundation of the regional economy; develop village and township enterprises; increase incomes of peasants and herdsmen; step up energy, transportation, communications, and other infrastructure construction; and continue to implement the regulations [for changing the operating mechanisms of large and medium state enterprises] to reinvigorate enterprises to more successfully carry out this year's economic tasks through the efforts of all circles and to fulfill and overfulfill the fighting goal of an 8 percent increase in Tibet's gross regional product.

We should adhere to the principle of firmly grasping two links at the same time in further stabilizing the situation and creating favorable conditions and a healthy social environment for deepening reform and accelerating development. This is an important matter to which we must always pay close attention. The two sessions affirmed Tibet's achievements and successful experiences in promoting stability, and forwarded measures for promoting greater stability. To further promote stability, it is imperative to launch an in-depth struggle against separatism. The struggle between separatists and anti-separatists is a serious political struggle concerning the vital interests of the Chinese people of all nationalities, including the Tibetans. Under the new situation, separatist forces inside and outside the territory have stepped up collusion with hostile forces abroad, continuously readjusting their strategy and tactics and intensifying activities to split the motherland. Separatist activities remain the main factor undermining Tibet's stability. The struggle between separatists and antiseperatists will be a protracted, acute, and complex. We should keep a cool head without the slightest lowering of our guard, correctly analyze the situation, actively carry out work, ensure effective propaganda and education with clear objectives in mind, reply on grass-roots organizations, and mobilize and organize the masses to voluntarily take part in the struggle against separatism. Moreover, we should use the power of the people's democratic dictatorship to resolutely strike at separatist activities. Meanwhile, we should harshly punish criminal offenders and go all out to strengthen the comprehensive management of social security and to improve public order in Tibet.

The new situation, arduous tasks, and the people's expectations demand leading cadres at all levels to study conscientiously, to change their style, and to work hard. We must thoroughly study Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the party's line, principles, and policies; we should study information regarding market economy and other fields; and we should further emancipate our minds and update our concepts. We should skillfully integrate theory with practice, be bold in practice and innovation, and carry out our work creatively. We should be sober minded and attach great importance to studying new circumstances and problems cropping up in the process of deepening reform, pay attention to problems that are latent and still in the embryonic stage, and take active measures to solve them. We should bring into play the spirit of hard work, go down to the grass roots regularly to mingle with the masses and to attentively listen to their voices and demands, carry out effective propaganda and education, and solve practical problems for the masses. We should popularize the masses' advanced experiences and examples in reform, opening up, developing the economy, and promoting stability; and should channel the enthusiasm of all circles to deepen reform, promote development, and maintain stability.

The realization of the comparatively well-off stage before the end of this century will present us with a more

beautiful future. However, this stage will not arrive in Tibet automatically. Under the kind concern of the central authorities and the support of all fraternal nationalities, we should rely on the people of all nationalities in Tibet; bring into play the spirit of hard struggle; and work assiduously, creatively, and in a down-to-earth manner. Beginning today, we should further strengthen unity, heighten our spirits, and pool the efforts of all to realize the magnificent plan formulated by the two sessions so as to march toward and realize the comparatively well-off stage with expeditious and solid steps.

Article Examines Tibet's Anticorruption Drive

OW2405093794 Lhasa XIZANG RIBAO in Chinese 8 May 94 p 1

[Article by XIZANG RIBAO reporter: "Tibet Scores Successes in Anticorruption Drive"]

[Text] Thanks to earnest, resolute, and concrete action, the majority of localities and departments in Tibet have recently scored initial successes in the three tasks of the anticorruption drive.

In line with the "Decision on Several Tasks to be Seriously Carried Out in the Anticorruption Drive in the Near Future," adopted by the party Central Committee and the State Council, and with the guidelines of the Second Plenary Session of the Central Discipline Inspection Commission, the regional party committee and regional government, as well as the regional discipline inspection commission and regional supervision department, mapped out specific plans for intensifying the anticorruption drive and promoting the construction of party work style and a clean government. Party committees and governments at all levels have attached great importance to the anticorruption drive, adopting a resolute attitude and taking prompt action; while large numbers of party members and cadres and the masses have energetically supported and actively participated in the drive. As a result, certain achievements have been made in the fight against corruption.

These achievements are manifested in the following: Leading cadres have earnestly carried out self-examination and made prompt correction in accordance with the five requirements for clean standards and self-discipline. To ensure a good job of self-examination and correction, all prefectures (cities) and departments held democratic meetings, during which leading cadres voluntarily accepted supervision by the masses. According to incomplete statistics, as of the end of 1993, 76 percent of leading cadres at and above the county (section) level had conducted self-examination and correction and found problems in the following aspects: While screening economic entities affiliated with party and government organizations and concurrent jobs held by party and government cadres, some found themselves to have been involved in compensated intermediate activities, or sightseeing trips in a disguised way outside the country (territory). A fairly large number of party

and government cadres found themselves to have taken part in gambling or accepted dinner invitations, gifts, or cash while attending weddings or funerals or performing official duties. A number of cases involving violations of the law and discipline were investigated. As of the end of 1993, discipline inspection and supervision organs in the region had received a total of 681 tips on such cases from the masses. Of these, 349 were accepted initially. After investigation and verification, 58 persons were punished according to party and administrative discipline; and 10 were turned over to the judicial organ for further investigation of their criminal responsibilities. As a result, the state and collectives recovered 1.145 million yuan in economic losses. Meanwhile, quite a few departments and units took the initiative to investigate and solve some serious problems reported by the masses.

To lighten the burdens on farmers and herdsmen at large, fees collected by various localities and departments were also screened. After screening 177 fees and the standards of 1,337 fees, a total of 1.761 million yuan were found to have been collected in violation of discipline and were turned over to the treasury. As a result of the screening, the regional government abolished 31 unreasonable fees, while various prefectural (city) governments abolished 216 unreasonable fees.

North Region

Beijing Imposes Price Controls on 34 Staple Goods

HK2505051194 Hong Kong AFP in English 0507 GMT 25 May 94

[Text] Beijing, May 25 (AFP)—The Beijing authorities announced Wednesday fresh price controls on 34 staple commodities following widespread complaints from residents over illegal price hikes.

"This action aims at putting prices of these commodities and services within the level residents can stand," the municipal government said in a report.

Prices of 10 staples, including salt, coal, petrol and housing rents will be set by the state, while a monitoring system has been set up to record price fluctuations in 24 others, including rice, edible oil, sugar and pork. Enterprises or shops wanting to raise prices must apply five-to-10 days in advance to the municipal price bureau for approval, the report said, adding that the bureau could intervene if the hikes were too extreme or too frequent.

Since the beginning of the year, price rises of staple commodities in medium and large cities throughout China—amid nationwide inflation of around 21 percent—have drawn strong protests from urban residents.

In a bid to curb inflation, the State Council sent six price inspection teams to 14 provinces at the end of March.

According to press reports, the teams have already handled more than 61,000 cases of illegal price-rising cases, involving more than 50 million yuan (5.7 million dollars).

Hebei Reports Personnel Appointments, Dismissals

SK2505103094 Shijiazhuang HEBEI RIBAO in Chinese 15 May 94 p 2

[Text] The provincial government decided to appoint and remove the following functionaries on 26 and 27 April:

Wu Xiongwei (0702 7160 0251) was appointed vice chairman of the Hebei Provincial People's Government general office; Wang Defang (3769 1795 5364) was appointed vice chairman of the Hebei Provincial Economic and Trade Committee (not stationed in the provincial capital); Zhang Xue (1728 1331) was relieved of his post as executive vice president of the board of directors of the Tangshan Iron and Steel Group; Guo Shuzheng (6753 2579 2398) was appointed director of the Hebei Provincial Statistical Bureau and relieved of his post as the deputy director of the Hebei Provincial Statistical Bureau; Ma Yuezhou (7456 1471 3166) was appointed deputy director of the Hebei Provincial Statistical Bureau; and Fei Jianjun (6316 1696 6874) was appointed adviser to the Hebei Provincial Statistical Bureau, and relieved of his post as director of the Hebei Provincial Statistical Bureau.

Hebei Secretary Inspects Wuqiang County

SK2505072394 Shijiazhuang HEBEI RIBAO in Chinese 10 May 94 p 1

[By Zhao Shulan (6392 3219 5695) and Ge Xiquan (5514 6007 0538): "The Key to Successfully Carrying Out Family Planning Work Lies in Leadership and Efforts Should Be Made To Cope With the New Situation and To Actively Promote Reform of the Cadre System"]

[Excerpts] "In rural work, we should persist in making an overall plan for attaining a better-off level of moderate prosperity and simultaneously attending to economic and family planning work, and select cadres with education and economic knowledge to the forefront of economic construction to assume posts in villages where economic work is weak to lead the peasants' march towards the goal of becoming better-off." This requirement was set forth by Cheng Weigao, secretary of the provincial party committee, to county and township cadres when he inspected the work of Wuqiang County on 8 May.

Accompanied by Bai Runzhang, secretary of the Hengshui Prefectural party committee, and Commissioner Yang Xinnong, Cheng Weigao listened to briefings given by Wuqiang County party committee and government leaders on the whole county's economic development

and family planning work, and held a forum on relevant issues. He also travelled to Hebei Kewei Electronics Company, Ltd., Wuqiang County New Year pictures museum, and other units to inspect their work. [passage omitted]

Cheng Weigao demanded: To successfully carry out the whole county's work, it is necessary to persist in making an overall plan to become better-off with a moderate level of prosperity. We must persist in simultaneously grasping both economic and family planning work. We must not direct attention only to economic construction at the expense of population work or blindly persist in improving backwardness in family planning at the expense of economic development. To grasp these two tasks, we must urge leading cadres to further emancipate their minds, cultivate the concept of market economy and a strong pioneering spirit, act in line with the objectives and demands, make all levels implement the plan aimed at becoming well-off, implement the plan in townships and villages, and mobilize cadres to undertake this formidable task. Meanwhile, it is necessary to formulate plans for developing primary, secondary, and tertiary industries for the whole county.

Cheng Weigao pointed out: We should exert efforts to grasp reform of the organizational and cadre systems and do a good job in resolving the issue on building the mechanisms of restraint and incentive for the selection and appointment of cadres. It is necessary to streamline administrative organs, mobilize cadres of party and government organs with education and economic knowledge to run economic entities on the forefront of economic construction, to assume posts in village-level organizations, and to lead peasants to attain the goal of becoming fairly well-off. If no pressure is imposed on a cadre, he will not have motivation and creativity. Through the establishment of the mechanisms of restraints and incentives, we should realistically judge cadres in accordance to the party spirit, use cadres in accordance to their achievements in official career, select outstanding cadres to leading posts, and eliminate incompetent cadres.

Cheng Weigao stressed: The key to realizing the goal of becoming well-off, accelerating reform, opening up, and economic development, and doing a good job in family planning and building two civilizations is to see whether we are able to pass the stiffest test in building grass-roots organizations. This is a very important work which we must pay attention to and grasp firmly. In the near future, we should pay particular attention to checking "three trends," namely the trends of extravagance, withholding and extorting things from the people, and boastfulness, and maintain close relations between county and township cadres and the masses. Strenuous efforts should be made to promote the ideological work style of working hard, doing administrative work honestly and diligently, and seeking truth from facts. Our living expenses must not be divorced from local economic development and the actual living standards of the people. We must be good at doing hard work, using our

brains, and solving difficult problems. In treating the common people, we must be fair in enforcing law and distributing interests and burdens to them. In handling problems, we must give the common people a just and rational explanation, tell them the results, and lay bare the problems, and must not practice fraud or try to whitewash ourselves.

New Oil Depot Area Completed in Tianjin Port

SK2505102394 *Tianjin TIANJIN RIBAO in Chinese 18 May 94 p 1*

[Text] As of the end of April, the Nanjiang refined oil depot area which is a supporting project of the Nanjiang petrochemicals wharf of the Tianjin Port had been completed and equipped with the simple and easy oil handling conditions.

Sheng Huaren, general manager of the China Petrochemical Company, and Gao Dezhan, secretary of the Tianjin Municipal party committee, jointly went to the oil depot area in the Nanjiang Petrochemicals Wharf of Tianjin Port on 14 May to inspect this project and offered opinions for its perfect operation.

This refined oil depot area is built for handling refined oil on the sea, exporting light oil products, and developing Tianjin's petrochemical industry. The total storage capacity of this depot area is 100,000 cubic meters with a total investment of 120 million. At present, this project has been put into trial run and proved successful, and the installations are all in a normal state for handling refined oil.

While inspecting this project, Gao Dezhan pointed out: The petrochemical industry is a pillar industry of Tianjin and where the hopes of Tianjin's economic development lies. All relevant departments and enterprises should actively work for and contribute to developing petrochemical industry. The Nanjiang refined oil depot area is an important project. The construction of this project has a bearing on the development of Tianjin's petrochemical industry. It is necessary to grasp the rounding-off work of this project, step up efforts to build and improve rules, regulations, and systems, and exert particular efforts to strengthen safety and fire prevention as well as management in an effort to guarantee the normal operation of this project.

It is learned that this depot area will handle its first delivery of refined light oil in the near future.

Tianjin Holds International Personnel Meeting

OW2405144794 *Beijing XINHUA in English 1429 GMT 24 May 94*

[Text] Tianjin, May 24 (XINHUA)—Presidents from universities in 20 countries and regions and officials from the United Nations as well as from China are attending a four-day international conference on talents flow, which opened here today.

The problem of brain drain from the developing nations to the developed nations has drawn wide-range attention from the developing countries, and the meeting is expected to exchange views on that problem and to probe for solutions, said Wei Yu, vice-minister in charge of China's State Education Commission.

Talents flow along with greater regional economic cooperation and an open international market, Wei said at the meeting.

He said that from a long-term viewpoint, the shift of talented people helps promote cultural and technological exchange between different countries.

But developing nations often suffer from a brain drain that has negative effects on the local economy because often more talented people drift from the developing nations to the developed countries than in the reverse direction, he said.

"Talented people are a kind of wealth," he said. "The training of talented people costs a long term investment."

Northeast Region

Heilongjiang Reports Changes in Private Economy

SK2505103694 *Harbin HEILONGJIANG RIBAO in Chinese 16 May 94 p 1*

[By Reporter Hu Xiujuan (5170 4423 1227): "Heilongjiang's Individual and Private Economies Experience New Changes"]

[Text] A joint investigation group organized by the policy research office of the provincial party committee, the investigation and study office of the provincial government, the provincial planning commission, provincial industrial and commercial administration, and provincial federation of commerce and industry conducted a survey on the development of the individual and private economies in some prefectures and cities of Heilongjiang. The result showed that new changes had taken shape in the development of Heilongjiang's individual and private economies.

The number and the scale were continuously increasing and expanding. By the end of 1993, Heilongjiang's individual industrial and commercial household businesses had totaled 517,500, and their registered funds 4.19 billion yuan, up 23.1 and 61.8 percent, respectively, from the preceding year. In terms of the number of the individual industrial and commercial household businesses, Heilongjiang's ranking rose from 15th to 13th in the country, and each household business had 6,304 yuan of funds in average, higher than the national average of 4,838 yuan. The number of private enterprises totaled 3,595 in Heilongjiang, up 120 percent from the preceding year. In 1993, Heilongjiang's individual and private enterprises paid 796 million yuan of

taxes and created 3.65 billion yuan in output value, up 35 and 62.2 percent, respectively, from 1992. People employed by individual enterprises have reached 810,000 so far.

Another change in Heilongjiang's individual and private economies was one from the unitary structure to diverse development. Heilongjiang's individual and private enterprises used to have very unitary structure, with most them engaged in commerce and catering trade. The unitary structure has been changing since last year. First, the enterprises were developing toward the processing industry and the scientific and technological field. According to statistics, individual and private enterprises engaged in production and scientific and technological development totaled 180 last year. Second, individual household businesses increased by 30,955 in rural areas in 1993, up 29.7 percent from the preceding year. In Zhaozhou county alone, 1,696 individual enterprises were established last year, of which 84.2 percent were in rural areas. Third, a number of specialized villages emerged. According to statistics of Daqing city, over 100 specialized villages were established, which also achieved good economic efficiency.

Judging from the measures of management, Heilongjiang's individual industrial and commercial enterprises were marching toward cooperation and have created a situation of specialized production and operation. Heilongjiang's private enterprises also became dissatisfied with exclusively invested, joint, or limited liability companies. They were developing toward the direction of shareholding group companies and joint operation. In Harbin city alone, four private enterprise groups have been established.

The survey also showed improved quality in the people working at individual and private enterprises. A considerable number of them were technical personnel, retired personnel, personnel on leave without pay, and incumbent personnel moonlighting. Take Harbin for example. Over 50 percent of the personnel of private enterprises had a senior high school education level, of whom a large part had a college education level or higher.

Heilongjiang Experiences Severe Cold Spell

SK2505002994 Harbin Heilongjiang People's Radio Network in Mandarin 1000 GMT 23 May 94

[Text] A few days ago, some localities in the province were hit by a disastrous cold spell. According to initial statistics, 2.7 million mu of land were affected, with over 71.2 percent in need of replanting.

All localities across the province have taken actions to organize the masses to combat disasters and to provide for and help themselves by engaging in production.

From 16 to 18 May, all localities across the province generally experienced a severe drop in temperature. Most areas in Songnen Plain were hit by one of the worst cold spells in history. Of these areas, 25 counties and

cities, including Anda, Qinggang, Wangkui, Lindian, Zhaozhou, Fuyu, Bayan, and Bixian, were hardest hit. Of the various kinds of affected crop seedlings, beet, [words indistinct], and corn suffered the most serious losses from the disaster, followed by soybean and wheat.

After the cold spell hit, leaders at all levels immediately travelled deep into the disaster-stricken areas to verify and investigate the situation and study ways to implement measures for combating disasters and saving lives.

The Anda city party committee and government held an on-the-spot office meeting in (Wenhua) Township which was seriously hit by the disaster on the morning of 18 May to help it combat disaster and limit damages, set up an anti-disaster and rescue leading group to rapidly implement anti-disaster and remedial measures and the responsibility system of making all departments help and support the disaster areas. At present, the chemical fertilizers, seeds, and diesel oil necessary for replanting are all ready and efforts are being made to clear the afflicted seedlings in order to conduct replanting. In line with the guidelines of the directives of the provincial party committee and the provincial government, the chairman of the provincial agricultural committee led the work group on 18-19 May to successively go to seriously disaster-struck areas to assess the disastrous situation and help the grass-roots study anti-disaster measures and coordinate the supply of materials for combating disaster. With the approval of the agricultural committee, he also issued a [words indistinct] telegram to all localities on combating disaster, on providing their own relief, and on the current agricultural work, and put forward opinions and suggestions for the anti-disaster work.

Jilin Secretary Talks at Party School Work Conference

SK2305142294 Changchun JILIN RIBAO in Chinese 13 May 94 p 1

[By reporter Lin Jianhua (2651 1696 5478): "Develop Party Schools' Role as 'Fronts' and 'Furnaces,' and Comprehensively Upgrade Cadres' Theoretical Quality"]

[Excerpt] The provincial party school work conference concluded on 12 May after a three-day session.

The conference discussed ways to conscientiously implement the national party school work conference with the guidance of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the guidelines of the 14th party congress and the third plenary session of the 14th party Central Committee and, based on Jilin's reality, ways to study and address the new issues on the current party school work, to thoroughly probe the new measures and new ideas for the reform and development of party school work, and to promote Jilin's party school work in a down-to-earth manner.

He Zhukang, secretary of the provincial party committee, attended and gave an important speech at the conference. He said: Cadres at all levels should attach importance to and intensify study and take the initiative in arming their minds with the theory of building socialism with Chinese characteristics. China's reform, opening up, and socialist modernization are in a crucial period for major change. Correctly understanding the situation we are faced with, addressing the issues on the way of advancement in a timely and effective manner, and arming cadres with new concepts and new knowledge constitute the most important link. Leading cadres, in particular, cannot assume the important leadership task if they do not intensify study because "those in the dark are in no position to light the way for others."

In today's historical conditions, our intensive study, with the focus on new historical tasks, chiefly includes Deng Xiaoping's theory of building socialism with Chinese characteristics; theories on the socialist market economy and the knowledge on linkage to the world market economy; knowledge on modern science and technology; and the laws and regulations reflecting China's economic and political activities of the present stage, especially economic laws.

Party schools at all levels should conscientiously implement the theory of integrating theory with practice and fully develop their role as "fronts" and "furnaces." They should help cadres at all levels embrace the new ideas and concepts and the way of thinking needed in developing the socialist market economy; help cadres probe the new ideas for reform, opening up, and development of the socialist market economy; and help cadres uplift spirit and establish and maintain a good mind-set.

Party committees at all levels should strengthen leadership and regard the work to make party schools successful as an important link of strengthening party building. Strengthened leadership of party committees over party school work is an important guarantee to make party schools successful. Party committees' leadership over party school work chiefly consists of five aspects: timely relay of the guidelines of the important policy decisions and instructions of the party Central Committee and local party committees, guidance for party schools to understand and adhere to the correct orientation for running schools and educational principles, and steadfastness in taking Deng Xiaoping's theory of building socialism with Chinese characteristics as the basic guiding principle for running party schools; formulation of the plans for leading cadres at all levels and reserve cadres to undergo training at party schools and guidance for party schools to appraise and examine the performance of cadres during their study at party schools in line with the principle of combining training with use of cadres and the requirements on cadres in the new period; conscientious selection of cadres and establishment of rationally structured and united leading bodies which have good political quality, adhere to the party's basic line, have a high level of understanding of Marxist and Leninist theories, and know the work of party

schools; and supervision and inspection of the work of party schools, timely study of and timely solutions to the major issues party schools encounter, participation in and guidance to party schools' research on some major theoretical and practical issues; and mobilizing party committees and governments to support party school work, adhere to the principle of "letting party committees run party schools," and invest willingly in gradually improving the teaching conditions of party schools.

In conclusion, He Zhukang hoped that comrades of party committees and party schools would seize the opportunity, uplift the spirit, hold the heavy tasks entrusted by this era, and raise the education of party schools to a new level. [passage omitted]

Population Growth Rate Decreases in Jilin Province

OW2405035394 Beijing XINHUA in English 0109
GMT 24 May 94

[Text] Changchun, May 24 (XINHUA)—The population growth rate has dropped in north-east China's Jilin Province over the past few years, thanks to family planning and development of the rural economy.

According to a local birth control official, the natural growth rate has now dropped to 8.9 per thousand, from 12.93 per thousand in 1990, with a negative growth in some areas.

The official said that since the 1970s, the number of women in the province of child-bearing age has averaged 300,000 per year, and birth-control workers have provided them with various birth control services.

They have also helped families to become more prosperous. The provincial family planning departments have provided 50,000 items of farm technology and given priority in government loans to families with only one child.

A system of family planning insurance has been set up in some counties.

Jilin Circular Urges Better Management of Salt Market

SK2305142194 Changchun JILIN RIBAO in Chinese
11 May 94 p 1

[Text] The provincial industrial and commercial administration, provincial grain department, provincial trade department, provincial supply and marketing cooperative, provincial public health department, and provincial technological supervision bureau recently issued a joint circular to urge all localities to strengthen management of edible salt markets and resolutely prevent uniodized salt from entering iodine deficient areas so as to ensure people's physical and mental health and consolidate and improve the achievements in preventing and treating the diseases resulting from lack of iodine.

The circular calls for continued efforts to implement the "methods of Jilin Province for management of the salt industry." Salt administrative bureaus at all levels are administrative departments for salt industry to take charge of the unified distribution of the salt used for various purposes. No units or individuals are permitted to engage in the production, retail sales, or wholesales of salt without approval. We should ensure the quality, supply, and marketing of iodized salt. The units and individuals who sell and supply substandard iodized salt, uniodized salt, and low-quality salt to disease areas or breweries and livestock breeders will be sternly dealt with according to law in the same way as we deal with sellers of fake medicines. Wholesales of marketable salt are managed by salt industry companies at all levels in a unified manner, and a business license is needed. The provincial salt administrative bureau will verify and issue "permission for salt business" to Jilin's salt wholesales units before 31 May, which should then register with local industrial and commercial administrations and obtain new business licenses. State-owned (collective) grain enterprises, commercial units, and supply and marketing cooperatives engaged in the retail sales of edible salt (iodized salt) should purchase from designated salt whole sellers, and they are not permitted to purchase from unlicensed units. Individual industrial and commercial households which sell edible salt (iodized salt) on a commission basis should hold the "permission for retail sales of edible salt by individual industrial and commercial households" issued by salt industry administrative departments at and above the county level. Industrial and commercial administrations, salt administrative departments, public health departments, and technological supervision departments should work in close coordination to strictly deal with the units and individuals who violate the laws, regulations, and circulars on the salt industry.

Liaoning Vice Governor Urges Halting Deficits

SK2505051994 Shenyang LIAONING RIBAO in
Chinese 10 May 94 p 1

[By reporter Zhang Wei (1728 5633): "Summon Up Our Courage, Fortify Our Confidence, Check the Slide, and Halt Deficits"]

[Excerpts] On the morning of 9 May, the provincial meeting on halting deficits and increasing profits was held at Liaoning People's Theater in Shenyang. The meeting summarized the 1993 work in halting deficits and increasing profits, analyzed the present situation in industry, and called for efforts to mobilize all the people in the province to summon up their courage, seek unity of thinking, fortify their confidence, and try every possible means to check the slowdown in the tempo of production and the increase in deficits among the state-owned industrial enterprises of the province.

At the meeting, Xu De, secretary general of the provincial government read out the provincial government's decision on commending the localities and enterprises

who were exceptional in halting deficits and increasing profits and on criticizing the four enterprises that each incurred over 10 million yuan in deficits. Cong Zhenglong, vice governor of the province, attended the meeting and gave a speech. At the meeting, mayors of various cities signed certificates of responsibility for halting deficits.

In 1993, the province achieved some results in halting deficits and increasing profits, and the industrial economy maintained a trend of relatively rapid progress. According to the statistics compiled among the province's budgetary state-owned industrial enterprises, last year, 464 enterprises in the province were operated at a loss, accounting for 26.04 percent of the total, 5.26 percentage points lower than that in 1992, if calculated in terms of the comparable standards not covered by the general rule on financial affairs of enterprises and the standards for enterprise accounting. Meanwhile, the volume of deficits of such enterprises was 800 million yuan, 250 million yuan fewer than the deficits incurred in 1992, with the margin of decrease in deficits reaching 23.52 percent. As a result, the province fulfilled the task of decreasing the range of deficits by 5 percent and the volume of deficits by 15 percent, that was assigned to the province by the state at the beginning of 1993.

Since the beginning of 1994, the province's industrial economy has kept on the trend of relatively rapid progress. By the end of April, the province as a whole realized 99.666 billion yuan in the gross value of industrial output, an increase of 31.2 percent over the same period last year, and realized 57.533 billion yuan in sales value, an increase of 9.4 percent. However, during this period, the province's state-owned industrial enterprises fell into an extremely grim situation, showing signs of slow growth, poor efficiency, increasingly serious deficits, and a soaring range and volume of deficits. According to the statistics compiled in the first quarter among the province's budgetary state-owned industrial enterprises, 1,123 enterprises were operating at a loss, 271 more than the figure at the same period last year; the range of deficits was as high as 67.57 percent, 17.13 percentage points higher than the same period last year; and the volume of deficits was 903 million yuan, 524 million yuan more than the deficits incurred at the same period last year, with the margin of increased deficits reaching 138 percent. At the same time, all of the 14 cities in the province and all of the 10 trades that are under key examination experienced increases in deficits at varying degrees and 25 enterprises incurred over 5 million yuan in deficits each, 17 more than the figure of the same period, last year.

Vice Governor Cong Zhenglong said in his speech: At present, the deficits incurred by state-owned industrial enterprises has become the most conspicuous problem hampering economic development and affecting the social stability of the province. All localities, all departments, and all enterprises must list the work of halting deficits and increasing profits as a major item on their daily agenda and must adopt effective measures and try

every possible means to halt deficits and increase profits. In line with the guidelines of the executive meeting of the provincial government, Cong Zhenglong set the following demands on how to halt deficits and increase profits.

We should summon up our courage, seek unity of thinking, and take a more urgent attitude in halting deficits and increasing profits. The second quarter of this year is the key period of halting deficits and increasing profits. Whether we can reduce the range of deficits to 50 percent or lower in the second quarter of this year is critical to fulfilling the target of reducing the annual range of deficits by 5 percentage points and reducing the annual volume of deficits by 10 percent. [passage omitted]

We should energetically push forward the reform of property right system and operational methods of enterprises and accelerate the change of operational mechanism of the enterprises operating at a loss. [passage omitted]

We should strengthen the system of assuming responsibility for attaining the target of halting deficits and increasing profits and establish a system under which each level assumes responsibility for the work of the next lower level. [passage omitted]

We should further strengthen leadership over the work of halting deficits and increasing profits and better construct leading bodies for enterprises operating at a loss. [passage omitted]

In conclusion, Cong Zhenglong stressed that this year's endeavor of halting deficits and increasing profits should be focused on Shenyang, Dandong, Jinzhou, Fuxin, and Tieling whose range of deficits has been higher than the average provincial level by 10 percentage points and whose volume of deficits has surpassed 180 million yuan each; on enterprises of the textile, light, chemical industries whose range of deficits exceeds the province's average level and whose volume of deficits surpasses 200 million yuan each; and on enterprises that have incurred more than 5 million yuan each. [passage omitted]

Liaoning Introduces Labor Reform, Worker Contracts

OW2405061594 Beijing XINHUA in English 0603 GMT 24 May 94

[Text] Shenyang, May 24 (XINHUA)—Overall labor reform has been completed by 9,200 enterprises in the northeast China province of Liaoning.

A total of 2.11 million workers in state-run enterprises have been put under a new contract labor system, ending years of "jobs for life".

This provincial capital cut 90,000 surplus workers from state-run enterprises last year.

Meanwhile, the port city of Dalian has streamlined its 800 state enterprises to the tune of 32 percent, including 4,000 officials.

All these changes have been taking place smoothly.

In accordance with the labor system reform, a distribution system reform is also under way. First-line workers and technical specialists now receive relatively high wages.

To safeguard the reform, the province has taken a big step forward in building a social security system, which covers most of the province's enterprises and workers.

Liaoning Executes Convicted Murderers

SK2505103594 Shenyang LIAONING RIBAO in Chinese 10 May 94 p 3

[Text] People's courts of Shenyang, Dalian, Anshan, Jinzhou, Chaoyang, and Dandong cities respectively held open trials a few days ago to pronounce judgment according to law to a number of felony criminal cases, including murder, robbery, rape, stealing, and arson cases, and more than 100 criminals were declared guilty. Of them, a number of criminals sentenced to death were executed by shooting with the approval and ruling of the provincial higher people's court.

Of these cases, most were aimed at illegally occupying public and private property. Some criminals made a reckless move and defied the law for money and property, thus seriously endangering the society. Of the five criminals sentenced to death by the Dalian city intermediate people's court, four were guilty of robbing and killing a taxi driver. In league with Li Chaogang (male, 21 years old), Li Wei (male, 19 years old), and Yan Jingxin (male, 18 years old), Ding Yu (male, 21 years old) fled to Dalian on 18 January this year after committed the crime in Changchun city. Being planned beforehand, these four criminals cheated the taxi driven by Cui Wenyan to Changsheng Street in Shahekou District in the name of renting the taxi. Ding Yu stabbed the victim directly on his neck with a dagger, and Li Wei and two other criminals stabbed him with daggers in his chest and back for more than 40 times, thus stabbing him to death. Then, these four criminals robbed some 200 yuan in cash. The Dalian city intermediate people's court sentenced Ding Yu, Li Chaogang, and Li Wei to death and deprived them of lifelong political rights. At the same time, Yan Jingxin was condemned to death with the sentence suspended for two years and was deprived of his lifelong political rights. With the verification and approval of the provincial higher people's court, Ding Yu, Li Chaogang, and Li Wei were executed by shooting.

Liaoning Builds Party-Army Communications Network

SK2505103394 Shenyang LIAONING RIBAO in Chinese 10 May 94 p 1

[Text] With the approval of the provincial party committee and the provincial government, on 8 May the Liaoning Liaohang Electronics Information Corporation began to undertake the construction of the wireless mobile communications network specially used by party, government, and military organizations in Liaoning Province. Xu Wencai, standing committee member and secretary general of the provincial party committee, attended the construction beginning ceremony.

To improve the modernized work level and work efficiency of party, government, and military organizations, the province has anticipated all other areas in the country to operate the wireless mobile communications network specially used by party, government, and military organizations. This network has the functions of tracking and roaming, adding ciphers to languages, and multi-grade and group paging and dispatching. This project consumes a total investment of nearly 100 million yuan. Upon the completion of this project, communications conditions and work efficiency of party, government, and military organizations at all levels in the province will improve considerably.

Hong Kong

Lu Ping Still Hopeful About Cooperation With Britain

HK2405135194 Beijing ZHONGGUO XINWEN SHE
in Chinese 1110 GMT 24 May 94

[By reporter Zhao Jian (6392 0256): "Lu Ping Says, What Is More Important Is That We Rely on the Hong Kong People To Achieve Smooth Transition and Achieve the Goal of Hong Kong People Ruling Hong Kong"]

[Text] Beijing, 24 May (ZHONGGUO XINWEN SHE)—During a meeting with the delegation of the Alumni Association of the Hong Kong Pui Kui [pei qiao 1014 0294] Middle School in the Diaoyutai State Guesthouse today, Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, stressed that: In the wake of the breakdown of the talks on the political system, we are still striving to cooperate with the British side in other areas but, what is more important, is to focus our attention on relying on Hong Kong people to achieve a smooth transition and achieve Hong Kong people ruling Hong Kong in the future.

Lu Ping said: We hope to cooperate with the British side so as to achieve the goal of smooth transition. However, if the British side does not cooperate I believe that, through our concerted efforts and though this means the work will be a little more difficult, it will conform with our common aspirations and will surely guarantee Hong Kong's smooth transition. Lu Ping added: I have full confidence in this.

Lu Ping stressed: Since reform and opening up, China's economy has thrived and its overall national strength has continuously increased. This is an important guarantee for Hong Kong's smooth transition and long-term stability and prosperity.

Speaking about the Hong Kong airport issue, Lu Ping said: We hope that the question of financial arrangements for the airport can be settled at an early date. Our principle is that we hope it entails low input and produces good efficiency so that it will not leave an enormous financial burden for the government of the future special administrative region [SAR].

The guests asked a question about the post-1997 civil servants and Lu Ping reiterated: Except for the 20 or so senior officials, I hope that all the other civil servants will remain in their original posts. I hope everyone will work with their minds set at rest.

He said: As for the 20 or so senior officials, since they will have to be nominated by the government of the future SAR and appointed by the central government, we have no right to interfere in the matter now.

Regarding the question of real estate prices which is currently a concern to Hong Kong people, he said, we are

concerned with this question from the angle of hoping for smooth transition. If real estate prices are too high, it will affect both the livelihoods of Hong Kong residents and Hong Kong's status as an international financial and trading center. He added: We hope that Hong Kong's real estate prices will go down slowly.

Lu Ping said: The year 1997 is a mere three years away. The time is very short and yet a lot of preparatory work has to be done. What we will do is create better conditions for Hong Kong people ruling Hong Kong after 1997 in political, economic, and other areas.

Lu Ping said: The work of the Preliminary Work Committee is also intended to accumulate experiences for Hong Kong people ruling Hong Kong. He believes that Hong Kong people will definitely be able to exercise good rule over Hong Kong.

Liao Hui, director of the State Council's Overseas Chinese Affairs Office, simultaneously met with the 66-person delegation of the Alumni Association of the Hong Kong Pui Kui Middle School headed by Zhang Huafeng. They came from Hong Kong, Britain, Australia, the Philippines, and other places. Liao Hui explained to them in detail China's consistent policy for Overseas Chinese affairs.

Lu Ping Views Airport Financing Arrangements

HK2505073294 Hong Kong WEN WEI PO in Chinese
25 May 95 p A2

[By staff reporter Weng Hsu-yuan (5040 0650 0954): "Lu Ping Speaks on Financial Arrangements for New Hong Kong Airport, Hopes Chris Patten Can Leave Hong Kong by Chek Lap Kok Airport"]

[Text] Beijing, 24 May—Lu Ping, director of the State Council's Hong Kong and Macao Affairs Office, said here today: We hope to resolve the issue of the new airport's financial arrangements as quickly as possible and then discuss outstanding issues in the Airport Corporation Bill. He added: The Chinese side hopes that the new airport can be completed by 1 July 1997 so that Chris Patten can return to London by plane from the new Chek Lap Kok airport at Lantau.

When meeting with the 60-plus representatives of the alumni association of Hong Kong's Pui Kiu Middle School at Diaoyutai State Guesthouse today, Lu said: The Airport Committee meeting was held a few days ago. The Chinese side hopes that the financial arrangements for the new airport can be settled at an early date. Lu pointed out: "We have repeatedly made clear that the new airport will belong to the special administrative region [SAR] government after 1997, that the central government will never take any money from Hong Kong, that the SAR does not have to hand over any taxes to the central government, and that it is completely independent financially." Lu stressed: In arguing with the British side, the Chinese side is arguing for the Hong Kong people. The increase in the SAR's financial reserves from

HK\$5 billion [Hong Kong dollars] at the start of the Sino-British talks to HK\$25 billion is the result of the Chinese Government's haggling with the British side. This is in addition to the Land Fund, which is estimated to be HK\$100 billion by 1997. Beijing has thus created a fairly good condition for the future SAR government and laid a fairly solid financial foundation. Therefore, if the airport's debts far exceed the financial reserves left for the SAR government, is it not the case that the SAR government will get nothing in the future? How can it get along then? Lu said this was not a numbers ploy.

Lu said: We hope to resolve the airport financial arrangements at an early date and then discuss the draft regulations for the Airport Corporation. There are a lot of issues, such as who will administer the airport and how? According to the provisions of the memorandum, the airport will be administered by the Airport Authority which, as a legal person, has independent management rights. But this right must be subject to certain checks. It should not be outside the supervision of the SAR government, which must be responsible to the Hong Kong taxpayers.

Lu said: After 1997, the Hong Kong people will run Hong Kong. The work of the Preliminary Work Committee [PWC] and the Preparatory Committee is all aimed at the joint participation of Hong Kong people. They provide assistance to Hong Kong people to realize the future administration of Hong Kong by Hong Kong people. He said: Deng Xiaoping has said to us on several occasions that it is absolutely necessary to believe that Hong Kong people can run Hong Kong well.

At the meeting, some people raised the question of high property prices in Hong Kong. Lu replied: The PWC economic sub-group is discussing this issue. It should be resolved properly but it should not lead to a slump in property prices. If a large quantity of land is supplied now, many buildings will just be completed in 1997 and this will affect the SAR government. Before 1997 this issue is handled by the British Hong Kong Government. Lu said: The Chinese Government hopes to avoid great fluctuations in property prices in Hong Kong before 1997. It is hoped the issue can be solved properly so that the people's livelihood and Hong Kong's status as an international financial center will not be affected by high property prices and that the SAR government will not be greatly affected.

As for the transition of civil servants, Lu reaffirmed that the PWC did not ask civil servants to make known their positions. The Basic Law has stipulated the transition of civil servants. With the exception of 20 or so senior officials who should be nominated by the SAR chief executive and appointed by the central government, other civil servants may continue to serve the SAR government. Lu said: The British Hong Kong Government wants to select the principal officials of the future SAR government before 1997. This is impossible because this is tantamount to selecting principal officials

in place of the SAR chief executive and violates the principle of Hong Kong people's autonomy.

At the meeting, some members who are indigenous residents of the New Territories raised the question of the amendment to the New Territories Land (Exemption) Bill. According to a Hong Kong Government official, after comprehensive amendment, the bill does not violate the Basic Law. Lu said that it is necessary to read this bill clearly. If the amended bill approved by the Legislative Council contradicts the Basic Law, it will be proclaimed null and void after 1997.

Lu said: The Chinese side is still striving to cooperate with the British side but what is more important is to focus our attention on the Hong Kong people. If there is no cooperation, work in the transition period will be more difficult, but the Chinese side is confident a stable transition can be achieved by relying on Hong Kong people.

Liao Hui, director of the State Council's Overseas Chinese Affairs Office, who attended the meeting with Lu Ping, spoke highly of the contributions made by the Pui Kiu Middle School in training talented people for Hong Kong. The visiting delegation of overseas alumni of Pui Kiu Middle School is headed by Chang Hua-feng and Ling Wen-cheng.

Beijing Fears Possible Hand-Over Problems

HK2505063994 Hong Kong CHENG MING in Chinese
No 199, 1 May 94 pp 19-21

[By Fan Chun (5400 0689): "The 15 Uncertain Elements About Hong Kong That Communist China Is Deeply Nervous About"]

[Text] There is still more than three years for Communist China to "decide" on how to take back Hong Kong. But already there are signs that to deal with "hostile forces" in Hong Kong, Communist China is going to establish the "right to hold perpetrators accountable for past acts" to "justify" a crack down on dissidents when sovereignty is safely in its hands.

Red-Headlined Documents and Qian Qichen's Instructions

On 1 July 1997, a day which marks the 76th anniversary of the founding of the CPC, Communist China will restore its sovereignty over Hong Kong. As this day approaches, when there will be a change of "national flags," some people are proud and feel avenged, some feel helpless, and of course there are some who feel it is the end of the world.... But whatever the attitude toward the return of Hong Kong in 1997, most agree that day will not be a happy or bright one.

"What kind of problems will there be during the transfer of sovereignty?" Like a large unwelcome cloud, this question looms above the high levels of the CPC as an increasing worry. A report relayed in early April by the

State Council's General Office, "On problems that may appear during Hong Kong's transition, the transfer of sovereignty, and the early days of the Special Administrative Region [SAR] government," drafted by the Hong Kong and Macao Affairs Office and the Hong Kong and Macao Affairs Research Office, highlighted this worry.

The report was issued as a red-headlined document to the party committees of provinces, autonomous regions, and cities, the Hong Kong and Macao Affairs Office, and party committees of the relevant military regions, obviously to get the whole party and Army mentally prepared. From what Qian Qichen, State Council vice premier and director of the Preliminary Work Committee, wrote on the document, we can see that without the cooperation of British Hong Kong, Communist China's hands are tied in the latter phase of Hong Kong's transition. Qian Qichen said in his remarks: We must fully assess changes in the Hong Kong situation, be fully prepared, and properly handle and solve problems and be ready with solutions to them in order to maintain Hong Kong's long-term stability.

Under its requirement for "full assessment" and "full preparation," the Hong Kong and Macao Affairs Office report listed 15 possible serious problems that may occur during Hong Kong's transition, its transfer of sovereignty, and the early days of the SAR government. These problems are excerpted as follows:

"British Hong Kong Pushes Executive Council to the Forefront of Confrontation With the Hong Kong and Macao Affairs Office"

1. Britain and the British Hong Kong authorities continue to agitate and sow dissension among high-ranking civil servants.
2. Britain and the British Hong Kong authorities continue to pick, promote, and groom a group of pro-British and anti-Chinese elements and install them in the Hong Kong Government and elite positions in professional circles.
3. Britain and the British Hong Kong authorities appoint pro-British and anti-Chinese elements to the Executive Council and push it to the forefront of confrontation with the Hong Kong and Macao Affairs Office.
4. Britain and the British Hong Kong authorities continue to rely on U.S. influence and internationalize the Hong Kong problem.
5. To win over public opinion, Britain and the British Hong Kong authorities institute a social welfare system like those pursued in northern Europe which puts an excessive burden on the SAR government.

Reference to Trump Card Held by British Hong Kong That Could Throw Hong Kong Into Chaos

6. Britain and the British Hong Kong authorities abet and make use of Hong Kong's anti-Chinese and extreme

rightist forces and hostile forces overseas to turn Hong Kong into a virtually semi-independent polity or political entity.

7. Britain, together with the United States, Japan, and their western allies, withdraw all of their capital from Hong Kong, paralyzing its finances.

8. British capital, led by the Hong Kong and Shanghai Banking Corporation and Chartered Bank [Standard Chartered Bank] abruptly announce the end of their domicile in Hong Kong, causing great confusion in Hong Kong.

9. Britain and the United States grant passports to anti-Chinese political figures in Hong Kong in support of their activities to oppose China and create chaos in Hong Kong to keep it in turmoil.

10. Britain and the British Hong Kong authorities abet and support anti-Chinese political forces in Hong Kong in collusion with Taiwan's anti-communist forces and "Taiwan Independence" forces to pursue activities opposing China and creating chaos in Hong Kong.

Reference to Possibility That British Hong Kong Would Deprive SAR Government of Functioning Government Bureaucracy

11. Abetted and controlled by Britain and the British Hong Kong authorities, a large number of civil servants resign or retire early in order to deprive the SAR government of a functioning government bureaucracy.
12. Britain and the British Hong Kong authorities manufacture political incidents. Such incidents will be fronted by anti-Chinese hostile forces, which will encourage Hong Kong citizens to go on strike and close up shop so that there is turmoil during the transfer of political power.
13. Britain supports or plans for hostile forces in Hong Kong to engineer violence and conduct assassinations and sabotage with a view to creating chaos in Hong Kong during the transfer of sovereignty, causing foreign capital to leave and the industrial and commercial sectors to divert their funds.
14. During the transition, Britain and the British Hong Kong authorities use their executive and judicial prerogatives to purge, persecute, or threaten patriotic and Hong Kong-loving industrialists and businessmen, middle and high-ranking civil servants, and former or incumbent legislative and executive councillors who do not agree with Britain's violation of the Sino-British Joint Declaration and the agreements between the two countries.
15. During the transition and the transfer of sovereignty, Britain and the British Hong Kong authorities continue to monopolize Hong Kong's finances and rob it of its money under the cover of construction projects, franchises, and contract awards to maintain Britain's economic and financial privileges in Hong Kong for a long time after its withdrawal.

Hong Kong Policy Doubted and Questioned by the Military

It is surprising that the scenarios "conceived" by the report about Hong Kong's prospects are so horrific and apocalyptic. Communist China has always said that it has the ability to maintain Hong Kong's prosperity and stability. However, after Zhongnanhai has played all of its trump cards, the initiative is now in the hands of British Hong Kong. The report stressed specifically that some of the 15 scenarios had occurred during the signing of the Sino-British Joint Declaration, some are continuing, some are being planned, and some are very likely to occur during the transfer of political power. For Communist China, a "small move" by the other side would be enough to dim the luster of the pearl of the Orient.

The Hong Kong policy has been severely challenged within the CPC. At first, Communist China adopted a "high-handed" approach, as if once Chris Patten tabled his political reform package to the Legislative Council, the People's Liberation Army [PLA] would immediately "liberate" Hong Kong. However, when Chris Patten's package was tabled to the council, Communist China could not move further.... To deal with inner-party dissatisfaction, especially within the Army, during this two-year period, Qian Qichen attended sessions at the invitation of the PLA deputy group to answer questions. The question put by the PLA deputy group was very candid: "What specific measures does our government's have given Britain's confrontational and noncooperative stance?"

Qian Qichen Puts Forward Five Options for Taking Back Hong Kong

Qian Qichen was very clever in fielding the question. Unlike previous times when he gave clear-cut answers, he put forward five options, without saying who had the right to decide on which option or providing the basis of the options.

Qian Qichen's five options were:

1. Before 1997 or in early 1995, form a SAR government according to the Basic Law and begin work on the changeover—this is an option for reduced disruption and confrontation with Britain.
2. If the situation changes, the schedule must be advanced to have a basic framework for the SAR government in place by mid-1996, and by then preparations for the SAR should be coming to an end.
3. If the present situation continues and Britain persists in undermining the Sino-British Joint Declaration and negating the agreements between the two governments, the Chinese Government will, at the right time, inform the British Government of the end of its rule in Hong Kong.
4. In case of violent political turmoil and prolonged political strife during the transition or the appearance of

an "international political city," "political entity," or "semi-independence" masterminded by British Hong Kong, take action to recover Hong Kong immediately.

5. The National People's Congress Standing Committee has the right to order or authorize necessary measures.

Begin Drafting the "Right To Hold Perpetrators Accountable for Past Acts" To Deal With Hong Kong Dissidents

There is still more than three years for Communist China to "decide" on a way to take back Hong Kong. There is still time. But already there are signs that to deal with "hostile forces" in Hong Kong, Communist China is going to establish a "right to hold perpetrators accountable for past acts" to "justify" a crackdown on dissidents when sovereignty is safely in its hands.

At a seminar held at the Jingxi Guesthouse on 26 March, which was attended by persons-in-charge of the military, armed police, public security, and the militias, the public security and military suggested applying the right to hold perpetrators accountable for their past acts in Hong Kong and Macao. There would be three "retroactive periods:"

1. The period after the signing of the Sino-British Joint Declaration;
2. After the promulgation of the Hong Kong SAR Basic Law;
3. After Britain unilaterally stopped cooperating in the transition, forcing China to publicize diplomatic documents.

Xu Huizi [Central Committee member and deputy chief of PLA General Staff] stressed specifically that the PLA supported and assisted public security and the armed police in maintaining public order in the country and cracking down on hostile forces and elements, including hostile forces and elements based in the Chinese territory of Hong Kong and Macao and aimed at overthrowing the Central People's government and the CPC-led socialist system.

This is an alarming move. No wonder some mainland people are discussing this matter, saying that the first thing Communist China will do after recovering Hong Kong is to crack down on counterrevolutionaries!

Will the tragic "Movement To Suppress Counterrevolutionaries" in the mainland of those years be replayed in Hong Kong?

Treason, Sedition Laws 'Could Be Abused' After 1997

HK2505100494 Hong Kong EASTERN EXPRESS in English 25 May 94 p 1

[By political editor Chip Tsao and Rain Ren]

[Text] China's advisers are keen to adopt archaic and draconian Hong Kong treason and sedition laws after 1997, a move that has alarmed the Hong Kong government and some legislators.

Some of the laws, which carry long prison sentences, were drafted early in the century.

Article Nine of Chapter 200 of the Laws of Hong Kong states clearly that a seditious intention is an intention:

- 1) To bring into hatred or contempt or to excite disaffection against the administration of justice in Hong Kong.
- 2) To raise discontent or disaffection among Her Majesty's subjects or inhabitants of Hong Kong.
- 3) To promote feelings of ill will and enmity between different classes of the population of Hong Kong.

Article 14 of Chapter 200 says the police have the power to "break open any outer or inner door of any premises or place" and to "remove or obliterate any seditious publication".

The laws have not been enforced by the Hong Kong government for decades.

Preliminary Working Committee [PWC] leaders, now meeting in Beijing, say the laws could apply in Hong Kong as long as some colonial terms like "Her Majesty" are replaced with "the central government".

It is understood that the PWC's advice to Beijing to retain these laws after 1997 has alarmed the Hong Kong government, which is looking at various options on how to localise the laws before the hand-over.

A government official said the laws were extremely sensitive and the problem had to be tackled.

He pointed out Singapore and Malaysia's internal security acts as examples of similar laws left behind by British administrations which could be used as a means to restrict civic freedom.

The legislator Christine Loh said the Hong Kong laws would have to be reformed and clarified in order to fulfill Article 23 of the Basic Law.

"Laws of treason and sedition are complex, not clear, difficult to interpret and referring to old cases," Loh said.

"Many lawyers have said they don't like the notion of loose interpretation of 'seditious intention'.

"Hong Kong will need tighter legal drafting terms to narrow their definitions."

Loh said that unless there was an independent judiciary and a independent prosecution in Hong Kong after 1997, such laws could be abused.

"One would hope that after 1997 the SAR [Special Administrative Region] government would continue to take a relaxed approach," Loh said.

"The Basic Law has been finalised since 1990.

"One would have hoped the Government could have done more reform before now.

"Whether it is sensitive or not it still has to be done."

Loh urged the Government to reform these laws as soon as possible, preferably before July 1995 within the current legislature.

Liu Yiu-chu, a Hong Kong delegate to the National People's Congress (NPC), said if the term "Her Majesty" in these laws was replaced with the term "Chinese central government", Hong Kong's freedom of the press would be extremely vulnerable.

Liu said the British legal system allowed people to challenge any government.

"It would not be seen as seditious. This concept of sedition is entirely different from that defined by the mainland," Liu said. She urged the PWC to study this more closely.

Berry Hsu, a law lecturer at the Hong Kong University of Science and Technology, said the PWC attitude was fair.

"What is the alternative?" Hsu asked.

"If you do not want the seditious and treason laws to be maintained, you may leave the Chinese government with no options but to apply national law. That is even worse."

He said the way to minimise the prospect of abusing these laws was to uphold a completely independent judiciary.

Editorial Urges Changing Treason, Sedition Laws
HK2505100694 Hong Kong EASTERN EXPRESS in English 25 May 94 p 18

[Editorial: "Change Our Laws Before It Is Too Late"]

[Text] Someone stands in Victoria Park urging people to protest about the Hong Kong Government's ability to jail—indefinitely—illegal immigrants who are needed as witnesses.

Another writes a letter to a newspaper criticising the Hong Kong legal system for sentencing a man to six years for a relatively minor burglary and sending another, who left his assault victim permanently disabled, to a training school.

A third, who lives in a public housing estate, demonstrates outside a fancy block of flats and berates wealthy residents for living in the lap of luxury, while the working classes are forced to exist in shoe-boxes.

What do these three people have in common? They could, in theory, be charged with sedition. Ridiculous, you say. In theory, yes.

But the laws of Hong Kong state clearly that a seditious intention is an intention:

1) To bring into hatred or contempt or to excite disaffection against the administration of justice in Hong Kong.

2) To raise discontent or disaffection among Her Majesty's subjects or inhabitants of Hong Kong.

3) To promote feelings of ill will and enmity between different classes of the population of Hong Kong.

These offences are, in theory, punishable by a long prison sentence. Of course, they are anachronisms which have been lying untouched on the statute books for years. No one in the present administration has ever given the slightest thought to using them against the Hong Kong public.

But 1997 is looming and with it comes a host of uncertainties and unanswered questions. Among them is what will happen to some of these laws?

It is a good question and one to which no one seems to have an answer now.

Hong Kong law must be localised before 1997. It is a huge task and the Government has not consulted China on some areas of the law. Indeed, Hong Kong officials are still discussing what to do among themselves.

There appear to be at least three options: rewrite the legislation; talk to China about it through the Joint Liaison Group (JLG); or do nothing and leave any changes to the Special Administrative Region (SAR) government.

While the Government ponders what to do, it seems that members of the Preliminary Working Committee—the Beijing-appointed advisers—are taking a very keen interest in some of these laws.

It does not take a great leap of imagination to believe that many of the old laws have a certain appeal to some people in Beijing.

A few minor changes—substitute Her Majesty for something to do with the central government—and you are in business. You have some ready-made laws that are so vague, so open to interpretation, that they could be used against anyone for doing anything at any time.

According to the Basic Law, the SAR government should enact laws to prohibit any act of treason, secession, sedition and subversion against the central government and theft of state secrets. Legislators in Hong Kong are concerned that Beijing will impose its own legislation if the laws are not changed by 1997.

Most people in Hong Kong will agree that it will be highly inadvisable to leave many of these relics from another age on the statute books.

For example, there are some clauses in the laws of Hong Kong that will send shivers down the spine of anyone who has an interest in the freedom of the press.

Under the "Power to remove seditious publications" any police officer or public officer may: a) enter any premises or place; b) stop and board any vehicle, tram-car, train or vessel and remove therefrom or obliterate any seditious publication.

There are other examples and, as Martin Lee has said: "In Hong Kong, we assume that the rule of law means laws that protect our rights, freedoms and way of life. But when the laws themselves are bad, our freedoms are in great danger.

"Thus far, the anachronistic laws restricting press freedom have not been widely abused because of the link to the UK's parliamentary democracy ... if the Hong Kong Government were to behave irresponsibly, heads would conceivably roll in Whitehall. But even this system of accountability ... will be removed on June 30, 1997."

The Hong Kong Government has acted on some laws and amended some ordinances. But it has been pointed out that Britain has left some draconian laws on the statute books in other Asian colonies, such as the Singapore Internal Security Act and a similar law in Malaysia.

There is not a great deal of time left. Hong Kong should identify all the problem areas. For example, the meaning of the word subversion needs to be clearly defined, and then invite China to discuss them through the JLG. [sentence as published]

If an acceptable new version of the laws can be agreed on by both sides then so much the better. It will be an encouraging sign that they can come to a sensible decision about a very important matter.

If no such agreement can be reached then the Hong Kong Government must take a deep breath and come up with its own solution. It is impossible for some of these laws to remain on the books.

They must be updated, improved and made relevant to modern Hong Kong society.

Whatever the solution, the people charged with the responsibility had better get a move on.

Time is running out.

Local Chinese Appointed to Senior Legal Department Posts

HK2505070694 Hong Kong SOUTH CHINA MORNING POST in English 25 May 94 p 3

[By S.Y. Yue]

[Text] The Legal Department has taken a major move in anticipation of future Basic Law requirements by appointing two local candidates as law officers who rank just below the Attorney-General.

Daniel Fung, at 41 one of the youngest QCs in Hong Kong, will become Solicitor-General. Criminal lawyer Peter Nguyen will be Director of Public Prosecutions.

They will be the first local Chinese to occupy the posts. The appointments pave the way for a local Attorney-General.

Under the Basic Law, the Attorney-General should be a local Chinese with no right of abode in any foreign country.

The present incumbent, Jeremy Mathews, and the five law officers below him are expatriates.

Both Mr Fung and Mr Nguyen have been given three-year contracts. Mr Fung will assume the post—vacant since the departure of Bertrand de Speville to become ICAC [Independent Commission Against Corruption] Commissioner in February last year—in December and will serve beyond the change of sovereignty in 1997.

Mr Nguyen, 51, will succeed retiring Director of Public Prosecutions John Wood in two months and will serve until July 14 1997.

Yesterday, both expressed the wish to stay on to work for the future Special Administrative Region (SAR) government.

Mr Fung said he would renounce his British passport, which he obtained through studying in Britain.

"It would not be a difficult choice for me to renounce the British passport and to have a SAR passport," he said.

Mr Nguyen, Chinese by nationality, was born in Vietnam. He holds a British Dependent Territory Citizen's passport.

Traditionally, the Solicitor-General is regarded as the shadow attorney-general and the front-runner for the job. But Mr Fung said yesterday: "Since the post is occupied, there is no room for me to speculate on that."

Although Mr Fung took donations to students staging a hunger strike in Tiananmen Square during the pro-democracy movement in 1989, he did not think that would affect his career in the Legal Department after 1997.

"I personally do not think it would have any effect because most Hong Kong people supported the democracy movement at that time." He said he took about \$100,000 to students in Beijing in an individual capacity and had not been a member of any of the pro-democracy groups.

Joining the Legal Department will mean a drastic cut in salary for Mr Fung and Mr Nguyen, but both said financial gains did not rank first in their decision.

The appointment also means a breakthrough in the pace of localisation in the Legal Department.

The slow pace has attracted much criticism and Governor Chris Patten promised in his policy address last year that three of the top five law officers would be local by 1995.

"The policy of localisation which was implemented some years back has run into difficulties, but the recent appointment—that is mine and Mr Nguyen's—is an indication that the logjam has been broken," Mr Fung said.

With the new appointments, 28.8 percent of the department's directorate are locals. The overall localisation rate of the department is 54 percent.

Government 'Likely' To Refuse Visas to Dissidents

HK2505101194 Hong Kong HONGKONG STANDARD in English 25 May 94 p 1

[By Michael Smith and M.Y. Sung in Beijing]

[Text] The Hong Kong Government will take a hardline stance on Chinese dissidents wanting to visit the territory next month.

It's a bid to fend off China's fears the territory will be used as a base for "subversive" activity during the anniversary of the Tiananmen Square crackdown.

The government, it is believed, will reject visa applications from a growing number of prominent Chinese political activists preparing to gather here for the fifth anniversary of the June 4 crackdown. The move is designed to block any row with China.

Sources close to the Beijing government told the Hong Kong Standard that a planned visit by dissident leader Wuer Kaixi at about the time of the Tiananmen anniversary would be regarded as confrontational.

A government spokesman said yesterday that no application had yet been received from dissidents wanting to visit the territory but several dissidents, including Wuer Kaixi, the leader of the Tiananmen Square movement, have already announced publicly their intention to come here.

Another prominent dissident, Chai Ling, is also believed to be planning a visit for the June 4 anniversary.

The Hong Kong Government believes the visits are part of an orchestrated move by Chinese dissidents, a move which would not be welcomed by local authorities.

The government is likely to use its powers to reject visa applications to abide by the one country, two systems policy and avoid becoming involved in China's internal affairs.

A Chinese official said any approval by the Hong Kong authorities for Wuer Kaixi to visit the territory would be seen as a provocation and would threaten already tense relations with Beijing.

The source said it was of great concern to China that Hong Kong does not become a base of subversion against the communist regime.

"His visit will not benefit Hong Kong. On the contrary, his relation to the territory will jeopardise Hong Kong's stability and prosperity," he said.

"The purpose of (Wuer Kaixi's) visit is considered to be provocative in Chinese eyes," the source said.

Wuer Kaixi, who is still on China's most-wanted list, has been living in exile in the U.S. since the 1989 crackdown. He was reported to have escaped from China and fled to the U.S. via Hong Kong and is now a student in San Francisco.

Han Dongfang 'To Base Himself in Hong Kong'

HK2505070794 Hong Kong SOUTH CHINA
MORNING POST in English 25 May 94 p 11

[By Agatha Ngai]

[Text] Exiled unionist Han Dongfang has decided to base himself in Hong Kong to continue his battle for worker rights in the mainland.

Mr Han, whose passport was invalidated by Beijing last year, said he would no longer try to return to the mainland through the border checkpoints or other channels.

"It's their (the Chinese Government's) fault to force me to stay in Hong Kong. I've tried my best to return home ... now I hope they will do some remedies to their wrongdoings," he said.

Now a researcher of the Hong Kong Christian Industrial Committee on China's labour movement, Mr Han added that returning home was no longer his first priority.

"I've discovered that Hong Kong can provide a better environment and convenience for my work," he said.

Mr Han, however, reiterated that his long-term plan was to return to his motherland.

"My ultimate goal is staying neither in the U.S. nor in Hong Kong. I was left (by the Chinese Government) here and I'm now here just because Hong Kong is much closer to the mainland."

The activist is very busy with his newsletter, which focuses on the problems confronting China's labour movement.

The publication has 1,000 to 2,000 copies per issue sent to the mainland, Mr Han said.

"So far, I've received 15 responses from the mainland about my work. They are all very encouraging," he said.

He denied that his expulsion had separated him from the workers in China and disqualified him from being a labour activist.

"I've been one of them (Chinese workers) for more than 10 years. I understand the relationship between the management and employees. The nature of the labour movement is more or less the same despite some superficial changes," Mr Han said.

"Also, I still maintain communication with mainland workers. I know where strikes have taken place and the reasons behind them."

After a one-month visit to the United States for the birth of his second son, Yuchen, Mr Han returned to the territory on May 14 to renew his three-month work visa.

On the subject of China's Most Favoured Nation status with the United States, the unionist said conditions to ensure reasonable wages for Chinese workers and industrial safety should be attached to its renewal.

"Actually, trade itself is abuse of human rights if workers' interests are not protected," he said.

But Mr Han did not rule out that unemployment would result if the preferential trade status was removed.

Yesterday, Mr Han revealed that the wife of his lawyer, Zhou Guoqiang, who filed a lawsuit against the Chinese authorities for the "unlawful" invalidation of Mr Han's passport, had disappeared.

He did not eliminate the possibility that the wife, Wang Hui was, arrested.

CEITIC Signs \$84 Million Loan Agreement

OW2405172894 Beijing XINHUA in English 1527
GMT 24 May 94

[Text] Hong Kong, May 24 (XINHUA)—China Everbright International Trust and Investment Corporation (CEITIC) signed here today a transferable loan agreement with a total sum of 84 million U.S. dollars.

About one third of the loans will be used for industrial construction in some provinces and cities in the Chinese mainland. The remainders are to be used for the corporation's own development, said Wang Yake, president of the CEITIC, at today's signing ceremony.

This was the third successful financing for the CEITIC in the international capital market.

The loans were co-arranged by the Hong Kong branch of the Commerzbank Aktiengesellschaft, the KEB (Asia) Finance Ltd., Merrill Lynch and Co., and Tat Lee Bank Ltd.

Established in 1991, the CEITIC is a national financial institution under the administrative control of the China Everbright Group Ltd. Its business activities focus on a diversified range of credit and financial services, foreign exchange, securities and investment. Its assets totalled eight billion renminbi (930 million U.S. dollars).

Outlining the corporation's development on the mainland, Wang said his corporation has cooperated with the Municipal Government of Beijing in transforming local grain shops into a commercial network and invested in the property market, commercial and high-tech development in Beijing.

Hong Kong Public Figure Invests in Shantou Projects

OW2405095394 Beijing XINHUA in English 0833
GMT 24 May 94

[Text] Shantou, May 24 (XINHUA)—Li Ka-shing, noted Hong Kong tycoon, has begun to invest in the energy, communications and housing of Shantou City, Guangdong Province.

His investment has reached about 4 billion yuan since the beginning of this year.

The projects include a bay bridge, four power plants, a container wharf at Zhuchigang Port, and a cement factory.

In late April, Li signed an agreement with Shantou Municipal Government on a housing project with a total floor space of 1.2 million square meters.

The project will be completed by the end of 2000 and is expected to accommodate 70,000 residents.

In previous years, Li, chairman of the board of directors of Cheung Kong (Holdings) Ltd. of Hong Kong, mainly supported Shantou's development of public services.

As early as in 1982, Li donated funds for a university in Shantou.

His donations to the university have added up to 887 million HK dollars.

Largest Trade Fair Opens in Hong Kong

OW2305144494 Beijing XINHUA in English 1316
GMT 23 May 94

[Text] Hong Kong, May 23 (XINHUA)—A trade fair, participated in by almost all the Chinese Government ministries, provinces and cities, opened at the Hong Kong Exhibition Center today, drawing a large crowds of businessmen and trade officials.

The five-day trade fair, co-organized by the Hong Kong Trade Development Council (HKTDC) and China's Ministry of Foreign Trade and Economic Cooperation (MOFTEC), was the largest of its kind ever held in Hong Kong.

Hong Kong is the largest trade partner of China's mainland. Statistics showed 60 percent of the 168,000 foreign-funded enterprises built on the mainland used investment from Hong Kong. The total trade volume between China and the area of Hong Kong and Macao totalled 33.2 billion U.S. dollars in 1993.

Guests at today's opening ceremony included Vice-Minister of the MOFTEC Zheng Silin, who heads a 160-member Chinese delegation, Zhang Junsheng, deputy director of the XINHUA News Agency Hong Kong branch, Francis Lo, executive director of the HKTDC, property tycoon Li Ka Shing, Herbert Liang, president of the Chinese Manufacturers' Association of Hong Kong, and Philip Wong, vice president of the Chinese General Chamber of Commerce of Hong Kong.

During the fair, overseas firms are welcomed to invest in 700-odd Chinese projects covering the fields of high-tech, transport, energy, light industry, raw materials, property and electronics.

Simultaneously opened with the trade fair was a China Trade Investment Conference, on which, leading officials from the MOFTEC briefed attendants with China's new economic policies, market trends and business opportunities.

Customs Officers Jailed for Conspiracy To Smuggle

OW2305162194 Beijing XINHUA in English 1553
GMT 23 May 94

[Text] Hong Kong, May 23 (XINHUA)—Four former and serving customs officers in Hong Kong were today sentenced to prison for conspiracy to smuggle stolen goods to the Chinese Mainland and for bribery.

The four defendants were Tang Shu-wan, 33, former senior customs officer, NG Cheuk-wing, 38, senior customs officer, Woo Siu-man, 29, customs officer, and Cheng Siu-keung, 32, former customs officer.

They were given prison terms ranging from 18 months to six years by Deputy Judge Muttrie at a district court, according to a news release issued by the Independent Commission Against Corruption (ICAC).

The four were earlier convicted on a joint charge of conspiring with others to export unmanifested electrical goods and motor vehicles between July 1, 1991 and February 8, 1993, the news release said.

Tang, Ng and Woo were also found guilty of conspiring with others to accept bribes from a businessman in return for arranging or assisting the unimpeded clearance of unmanifested cargo from Hong Kong to the

mainland through customs checkpoints during the same period, the news release said.

Emigrants Return To Partake in 'Economic Boom'

HK2405062294 Hong Kong SOUTH CHINA
MORNING POST in English 24 May 94 p 3

[By Scott McKenzie]

[Text] The number of emigrants returning to Hong Kong is so high that businesses would be hard hit if they were to head back overseas, the Government said yesterday.

More than 8,000 people who had fled Hong Kong to obtain foreign passports had returned to take advantage of the economic boom in 1992, said Deputy Secretary for Security Keith Kwok Ka-keung. "In the event of an economic downturn they could very well pack their suitcases and leave again. It is entirely possible," he said.

He did not have figures for the number of returnees last year, but said it was likely to be higher than 1992. Results of a survey on the problem would be released later in the year, Mr Kwok said.

Hong Kong University immigration expert Dr Ronald Skeldon said he believed "huge numbers" of emigrants had returned to Hong Kong in recent years and they were not reflected in official figures.

Dr Skeldon said the territory should be very aware that an economic downturn would send these people away in large numbers. "The main reason they have come here is

for the money they were unable to make elsewhere and if that should change, they will leave," he said. The departure of people who worked in highly-skilled fields would leave a void far larger than that caused by the 1989 Beijing massacre which acted as a catalyst for emigration.

Mr Kwok said about 53,000 people emigrated from Hong Kong last year compared with 66,000 in 1992. Economic good times in the territory coupled with an economic downturn in countries such as Australia and Canada were major reasons for the drop.

Another cause was a reduced intake from some destination countries. The figures are based on the number of visas issued by consulates in Hong Kong. They do not include immigrant visas issued in other countries which an increasing number of people are turning to in an effort to bypass the long delays for visas in Hong Kong.

Mr Kwok estimated a further 13 percent, or about 7,000, on top of the 53,000 who emigrated last year could have done so with visas obtained outside Hong Kong. That is an increase of about 12 percent from the 1990 figures.

To counter the problem in 1989, the Government initiated the British Nationality Selection Scheme which offered British passports to 13,160 heads of households and their dependants. The scheme offered an "insurance policy" to skilled people and kept them working in Hong Kong rather than leaving to get foreign passports.

Mr Kwok said it was "a bit risky" to say the scheme had a direct impact on the drop in emigration numbers for this year. But it might have had a stabilising effect.

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